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Contribution of UNDP to the United Nations system strategic plan for HIV/AIDS for 2001-2005

Summary

In responding to Economic and Social Council resolution 1999/36, the present report contains: (a) information about the formulation of the United Nations system strategic plan for HIV/AIDS for 2001-2005 and the contribution of UNDP to this process; (b) details of the UNDP strategy in the area of HIV/AIDS as it contributes to the implementation of the United Nations system strategic plan; and (c) UNDP modalities for programme support, monitoring, coordination and funding.

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I. Background and introduction

1. The Economic and Social Council has addressed the growing concern of the international community for a more effective, unified response from the United Nations system in tackling the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS). In particular, through its resolutions 1994/24 and 1995/2, it created the United Nations Joint and Co-sponsored Programme on HIV/AIDS (UNAIDS) and linked it to the United Nations resident coordinator system at the country level. In paragraph 9 (c) of its resolution 1999/36, the Council urged the co-sponsors of UNAIDS and other organizations of the United Nations system "to submit to their governing bodies their proposed contribution to the United Nations system strategic plan for HIV/AIDS for 2001-2005". The present report provides a detailed description of the UNDP strategy on HIV/AIDS and its contribution to the implementation of the United Nations system strategic plan for HIV/AIDS for 2001-2005 (the United Nations plan). The annex contains an overview of UNDP's involvement in the process of formulating the United Nations plan, which is yet to be finalized.

2. UNDP recognized by the late 1980s the development challenge that HIV/AIDS would pose for developing countries and eventually for the international community at large. The Governing Council and Executive Board have, over the years, received reports from the Administrator and have adopted a number of decisions relating to supporting countries to develop effective responses to the epidemic, notably decisions 90/9, 90/25, 93/35, 94/5, 94/6, 94/22 and 95/11 concerning the role of UNDP, the creation of the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the recruitment of National Professional Officers for HIV in selected country offices.

3. In its decision 91/9 of 25 June 1991, the Governing Council took note of the report of the Administrator on the role of UNDP in combating HIV and AIDS (DP/1991/57). Building on earlier decisions, the policy contained in the report framework identified the role of UNDP in the area of social and economic development, in particular to increase awareness of the development implications of the epidemic (decisions 90/9 and 90/25); to strengthen and expand the capacity of communities to respond to the epidemic (decision 90/9); to promote and assist prevention, care, support and treatment programmes for women (decision 90/25); and to assist Governments to develop effective multisectoral HIV and AIDS strategies and to minimize the devastating consequences of widespread infection (decisions 90/9 and 90/25).

4. As a co-sponsor of UNAIDS, UNDP has a unique role to play in contributing significantly at the country, regional and global levels in the response to the epidemic. The present report describes UNDP actions, particularly in the areas of the governance and capacity-building aspects of the response, and in the social and economic dimensions of the HIV/AIDS epidemic. It also addresses the role of the resident coordinator in supporting the United Nations response at the country level.

II. UNDP strategy on HIV/AIDS: contributing to the implementation of the United Nations system strategic plan for HIV/AIDS for 2001-2005

5. In 2000, UNDP made HIV/AIDS one of its top organizational priorities. UNDP work on HIV/AIDS is now fully integrated into its mission to provide its clients — the developing countries — with knowledge-based policy advice on the entire range of issues that pertain to reducing poverty, building institutional capacity, improving democratic governance, and managing the challenges of globalization. UNDP, along with the United Nations Country Team, strives to support national Governments in securing a nationwide, gender-sensitive, multisector response to prevent its spread, expand access to care and treatment for people living with HIV and AIDS and mitigate the impact of HIV/AIDS on human development.

6. The specific role of UNDP within UNAIDS is to support countries in addressing the governance challenge of the HIV/AIDS epidemic in areas such as mobilizing actors and institutions well beyond the health sector in the fight against HIV/AIDS; promoting community-led action and practices leading to a reduction of vulnerability and risk to HIV infection; supporting Governments to ensure that the full authority and power of the State is brought to bear on the crisis; raising domestic and international resources; integrating HIV/AIDS priorities into the mainstream of development planning; and ensuring a scaled-up, coordinated response. Inspired by progress made in countries such as Senegal, Thailand and Uganda, UNDP provides advice and development services to Governments and civil society partners on policies and actions to achieve an effective, nationwide response.

7. UNDP work in the area of HIV/AIDS will contribute to the chief objectives in tackling the epidemic, notably: (a) by 2010, ensure that HIV infection rates in persons 15-24 years of age is reduced by 25 per cent; (b) progressively expand equitable access to care and treatment of people living with HIV and AIDS; and (c) by 2015, ensure that the Millennium Declaration goals are reached in all countries, including those heavily affected by HIV/AIDS, by effectively mitigating the devastating developmental impact of the epidemic.

8. The shift of UNDP towards a more focused strategy on HIV/AIDS, in line with its comparative advantage as well as the division of labour among UNAIDS co-sponsors, is already producing results at the country level. The contributions from country offices to the results-oriented annual report (ROAR) 2000 generated key information about the scaled-up response of UNDP. Fifty-five UNDP country offices have selected HIV/AIDS as one of their top priorities and are reporting on HIV/AIDS-related outcomes in 2000, nearly double the figure for 1999. A closer look at the types of interventions reveals a discernible shift upstream, focusing on helping countries to address the governance challenge of HIV/AIDS, building capacity and mobilizing diverse sectors and actors to mount coordinated national and local-level responses. Specifically, the ROAR 2000 shows a significant increase in UNDP interventions in assisting Governments to formulate national HIV/AIDS strategies, build their capacity to implement such strategies, and support the strengthening of decentralized structures to manage local action.

9. UNDP action at the country level is now being tailored to the specific circumstances and status of the epidemic. UNDP will work in four categories of

countries: (a) high-impact countries (28 countries with over 4 per cent HIV adult prevalence rate), where priority will be given to emergency assistance in mitigating the disastrous impact on governance structures, poverty-reduction efforts, and the provision of essential services; (b) those countries with lower prevalence rates but with alarming rates of increase; (c) other countries where the epidemic is spreading at a slower rate but where great vigilance and preparedness is still essential; and (d) countries in conflict, which require special interventions given the strong interface between civil strife and HIV/AIDS. In each case, the focus will be on the services requested by programme country clients and in keeping with the overall mandate of UNDP as a UNAIDS co-sponsor.

10. In the context of the United Nations plan, five areas for UNDP HIV/AIDS-related support services have been defined. These are based on the comparative strengths of UNDP, the results of the ROAR 2000, active consultations within UNDP and negotiations with the UNAIDS secretariat and co-sponsors. The five service areas are outlined below.

11. *Advocacy and policy dialogue.* UNDP promotes robust action-oriented advocacy for leadership at all levels, political commitment and mobilization of actors across all sectors. For example, in Botswana UNDP has supported the publication of the national human development report, which focuses on the impact of HIV/AIDS on human development. The report has had a significant impact by providing policy guidance for top-level political action, a multisectoral response and recommendations on how to deal with gender inequalities that fuel the spread of the epidemic.

12. Outcomes and impacts of this service area will include: (a) an increased level of political commitment and leadership at the highest level of government, as expressed by statements and actions by the Head of State, members of the cabinet, and other senior-level officials; (b) policy debates and legislative action by parliaments; (c) prominence of HIV/AIDS as an election issue; (d) greater resources allocated from national budgets to HIV/AIDS prevention, care and impact mitigation; (e) greater mobilization of the private sector, measured by statements and actions by chief executive officers; (f) contributions to the overall HIV/AIDS campaign; (g) existence of workplace HIV/AIDS policies; (h) greater mobilization of communities, women's groups, people living with HIV and AIDS, and other civil society movements.

13. *Capacity development.* This includes the planning, management, implementation and decentralization of multisectoral, gender-sensitive national HIV/AIDS plans. UNDP helps to build the capacity of Governments and community organizations to implement national strategic HIV/AIDS plans in accordance with UNAIDS planning modules and through participatory processes involving all government sectors and a wide range of non-governmental and private-sector stakeholders. It works to improve countries' absorptive capacity, enabling a more effective use of donor funding. In Malawi, for example, UNDP has played a pivotal role in helping the Government to strengthen its capacity to cope with the epidemic. UNDP has facilitated the formulation of a truly multisectoral, results-oriented strategic plan and, through a round-table meeting, helped the Government to mobilize $110 million to implement the plan from a wide range of international donors.

14. In the worst-affected countries, UNDP is increasingly providing urgent policy advice on options to help to mitigate the impact on human development, governance structures, and the provision of essential services. For example, in Angola, Botswana, Gabon, Malawi, Namibia and Swaziland, UNDP is sponsoring policy-oriented studies to provide information to Governments on how to deal with the impact of HIV/AIDS on specific sectors.

15. UNDP places special emphasis on the decentralization of national AIDS programmes and the effective mobilization of district- and municipal-level authorities to work closely with communities.

16. Outcomes and impacts of this area of service will include: (a) the extent to which strategic plans are results-oriented, based on time-bound targets, and fundable; (b) the involvement of all sectors and levels of government; (c) active, frequent participation by various stakeholders; (d) resource allocations across ministries and local governments, as well as non-governmental organizations (NGOs) and community groups; (e) stronger management and implementation capacity of national and local governments; (f) strategic HIV/AIDS plans formulated and implemented at the operational district and municipal levels with community and local NGO participation. In the worst-affected countries, it is essential that basic social services, schools, health and other government services still function adequately.

17. *Mainstreaming*. In partnership with other United Nations organizations, UNDP will step up its crucial support to Governments in their efforts to integrate HIV/AIDS priorities fully into the mainstream of development planning. Strategic plans specifically focused on dealing with the epidemic are important but not enough to deal with the crisis. HIV/AIDS priorities and impact analysis must be fully integrated into overall development plans, medium-term investment frameworks, public-investment programmes, annual budgets and poverty-reduction strategies and debt-relief processes. In particular, the formulation of Poverty Reduction Strategy Papers (PRSPs) provides an opportunity to make sure that part of debt-relief savings is allocated towards HIV/AIDS prevention and care; that ministries of finance and planning focus on the HIV/AIDS crisis; and that all sectors of government are involved in tackling HIV/AIDS and given budgets to do so.

18. Examples where UNDP is providing this service include Burkina Faso and Cameroon, where HIV/AIDS interventions now form part of the national poverty-reduction strategies and, as a result, portions of debt-relief savings are being allocated to HIV/AIDS prevention and care.

19. Outcomes and impacts of this area of service will include: (a) adequate targeting of national budget (and debt-relief savings in highly indebted poor countries) to HIV/AIDS prevention, care and impact mitigation, with targets for women's specific needs; (b) distribution of resource allocations from the national budget among line ministries, local governments, NGOs, women's groups, and community groups and the extent to which HIV/AIDS priorities are integrated into sectoral plans and budgets; (c) the extent to which HIV/AIDS priorities are integrated into national development plans and poverty-reduction strategies, using UNAIDS guidelines/checklists currently under development; (d) the extent to which gender analysis is used and followed by actions to mitigate the impact of HIV/AIDS on women and address gender inequalities.

20. *Human rights.* The aim in this area is to promote human rights as a normative and ethical framework for the response to HIV/AIDS, including legal reforms. UNDP promotes human rights as an essential aspect of the response to HIV/AIDS. Discrimination against people living with HIV/AIDS leads to an atmosphere of stigma, shame and denial and prevents them from participating in awareness-raising and education campaigns. In Angola, Gambia, Honduras and Rwanda, for example, UNDP is supporting associations and networks of people living with HIV/AIDS. It is also clear that gender inequalities help to fuel the epidemic, as do the unmet HIV/AIDS-related needs of girls and young women.

21. Outcomes and impacts in this area will include: (a) measurable change in attitudes and behaviour towards women's human rights and towards people living with HIV or AIDS; (b) measurable change in attitudes and behaviour towards women's human rights and towards girls and women in critical areas relating to sexuality and power relations; (c) existence of HIV/AIDS anti-discrimination legislation or guidelines; (d) progress in the implementation of the international guidelines on human rights and HIV/AIDS and related provisions contained in the Convention to Eliminate All Forms of Discrimination against Women (CEDAW) and other human rights conventions.

22. *Information and multimedia technology.* Multimedia technology for large-scale information and awareness-raising interventions can play a crucial role in the fight against HIV/AIDS. One of the most important lessons learned from countries that have successfully responded to the HIV/AIDS epidemic has been the critical role of government and civil society leadership in increasing visibility of the epidemic while decreasing the stigma associated with HIV/AIDS. Breaking the silence where countries still deny the problem or the potential of the epidemic and strengthening the accountability of governments and civil society remain major challenges. Moreover, the nature of the HIV/AIDS challenge — changing behaviours to decrease the spread of infection — requires significant investment in information services. UNDP, along with the United Nations Theme Group on HIV/AIDS, seeks to deploy well-designed communications strategies, using commercial, traditional and interpersonal channels, to inform and mobilize leadership at different levels, and address the need of people.

23. Outcomes and impacts will include: (a) significant, measurable increase in access to information and education for men and women 15-24 years relating to HIV/AIDS prevention and care; (b) measurable change in norms, values and traditions that are fuelling the epidemic, especially those that perpetuate gender inequalities and discrimination against people living with HIV/AIDS; (c) degree of mobilization of communities, civil society organizations, the private sector; (d) quantity and quality of sustained multimedia action and information services relating to the HIV/AIDS crisis and ways of addressing the problem through a well-designed, powerful and coordinated United Nations information and communication response at the country level.

III. Modalities for programme support, monitoring, coordination, partnerships and funding

24. In support of the UNDP strategy on HIV/AIDS, focusing on the governance challenge of the epidemic, and contribution to the United Nations Plan, UNDP benefits from a number of modalities and instruments for programme support, coordination, partnerships, and funding that are described below.

25. *Global cooperation framework.* The work of UNDP at the country level is supported by the global cooperation framework (DP/GCF/2), which supports the ability of UNDP to respond to the HIV/AIDS crisis by integrating UNDP global development thinking and advocacy with country-level practices. The GCF is also a key instrument to align the UNDP response to the HIV/AIDS crisis at the global, regional and national levels and will enable UNDP to provide services to programme countries in the areas of global advocacy and analysis, knowledge-networking and sharing of best practices and policy-support services.

26. *Role of the resident coordinator.* At the country level, the resident coordinator, supported by the United Nations Theme Group on HIV/AIDS, must effectively spearhead a cohesive response by the United Nations system to the HIV/AIDS crisis, and ensure a coherent, mutually reinforcing response by the UNAIDS co-sponsors, bilateral donors and private foundations. This includes the coordination of multi-agency, multidonor programmes in support of overall national strategic HIV/AIDS plans as determined by the host Government and through multi-stakeholder dialogue. The United Nations Development Assistance Framework (UNDAF) is an important tool for integrating HIV/AIDS into the work of the United Nations for development. UNDP is leading an inter-agency working group to assess the effectiveness of country-level coordination arrangements, the role of the resident coordinator and the United Nations Theme Group, and to propose changes and adjustments to improve the current set-up.

27. *Modalities and partnerships.* UNDP pursues active collaboration with a wide range of partners at global and national levels. The results expected from such partnership modalities are, for example: (a) greater involvement of people living with and/or affected by HIV/AIDS in all aspects of the response; (b) partnering with civil society organizations, working with the private sector to establish workplace policies and programmes; (c) development of tools and methodologies to increase involvement of non-traditional participants; (d) supporting development programming that integrates HIV/AIDS issues into all activities; (e) stimulating and supporting national frameworks and an enabling environment for community-based and local government initiatives and partnerships; (f) creative use of new and emerging technologies as advocacy and awareness-raising tools; (g) stimulating and supporting national research capacities to investigate and analyse new approaches; and (h) learning and sharing lessons across countries.

28. *Role of the United Nations Volunteers.* UNDP country-level activities are also supported and complemented by the United Nations Volunteers (UNV) Programme. Since 1990, more than 150 UNV volunteers have served as part of 36 HIV/AIDS projects at community, national and regional levels around the world. Currently 68 UNV volunteers work directly with HIV/AIDS while some 170 work indirectly to combat the epidemic in disease-prevention and health-care activities. UNV volunteers, many of whom are living with HIV, work in communities as peer

counsellors and educators to help to bring about understanding of the epidemic, an indispensable step in providing adequate support for people living with HIV/AIDS or those directly affected by the epidemic. UNV volunteers support local self-help groups through skills development for income-earning activities and help to set up HIV/AIDS support networks. They strengthen home-based care and support through training and counselling. UNV recruits and places people living with HIV/AIDS in host institutions concerned with HIV/AIDS. These UNV volunteers work in Greater Involvement of People Living with HIV/AIDS (GIPA) pilot initiatives in 10 countries in three regions (Burundi, Cambodia, Cuba, Dominican Republic, Guyana, Haiti, Jamaica, Malawi, Trinidad and Tobago and Zambia with activities soon to start in Côte d'Ivoire and India). In Botswana, 20 national UNV specialists train local people, manage district AIDS projects and distribute AIDS literature throughout the country under a project funded by the Government and UNDP.

29. *Organizational capacity*. UNDP staff will receive additional professional training to enhance their capacity and understanding of the social and economic dimensions of the epidemic and of the UNDP role in the policy dialogue and institutional support needed to respond to the governance challenges of the epidemic.

30. The HIV/AIDS knowledge network has been created as part of the subregional resource facility (SURF) knowledge management system, linking more than 100 UNDP staff, mainly in country offices, to share knowledge and best practice. The network will integrate the functions of improving professional capacities; identify high quality expertise and skills from outside or from within UNDP; create and seize opportunities for synergy among programme initiatives; provide best available knowledge, analysis, and methodologies in addressing the development dimensions of the epidemic in programme countries; and contribute to the formulation of overall UNDP policies relating to HIV/AIDS. The UNDP focus on the development and governance dimensions of the epidemic and their integration into all programmes and sectors will mean linking the HIV knowledge network to networks in other human development areas and to the work of the regional SURF offices so as to contribute to integrated programming and to expand the technical resources available.

31. *Monitoring results*. The SRF and the ROAR provide a monitoring framework that will sharpen the results focus and strengthen ongoing financial and substantive monitoring by programme managers as well as oversight and feedback by management. The ROAR illustrates concretely how far, in what areas and in what ways UNDP helps to build social and organizational capital. It helps the organization to tell its story credibly, thus paving the way for a richer dialogue with stakeholders. The ROAR and the multi-year funding framework (MYFF), of which it is an integral part, will also help to underwrite the future of UNDP at a time when results are increasingly the key to attracting resources. Through an analysis of the countries involved in work on HIV/AIDS, the ROAR also enables UNDP to identify and promote knowledge and practices for South-South cooperation.

32. *Global and regional support activities*. A number of interventions at the global and regional levels in support of the services provided at the country level, include: (a) advocacy strategies, with special focus on women and girl's vulnerability action to mitigate the socio-economic impact on women caretakers; (b) guidelines and tools for HIV/AIDS policy development, strategic planning and response

management; intraregional and interregional South-South cooperation in all areas of interventions covered by the trust fund; (c) knowledge networking and dissemination of best practice experiences; (d) technical backstopping and programming services coordinated at the global and regional levels; (e) participatory methods and tools for raising awareness and promoting social transformation, including changing gender relations and enhancing women's control of their lives; (f) addressing cross-border issues (migration, transport, refugee movements, etc); and (g) supporting countries to access global public goods relevant to addressing the HIV/AIDS epidemic.

33. UNDP supports countries in addressing common concerns, cross-border issues, the sharing of knowledge and in exploring new ways of working together. Examples of this work include awareness-raising through the extensive use of the HIV and development training workshops in Africa and in Latin America and the Caribbean; support to the African Network on Law, Ethics and Human Rights; analysis of the impact of the epidemic on the human development index (Asia and the Pacific); support to a partnership of universities in Asia for work on analysing the impact of HIV/AIDS and activities enhancing government-civil society partnerships in Eastern Europe. Support to intercountry cooperation currently under way covers issues of migrant workers (South-East Asia), trafficking of women and girls and mapping of HIV legislation and enforcement (South Asia).

34. UNDP has supported action research, the development of policy documents, issue papers and programming guidelines to support the interregional sharing of knowledge of effective strategies, interventions and policies. Key examples over the past several years include issues papers on socio-economic causes and consequences of the HIV/AIDS epidemic in southern Africa; the HIV/AIDS epidemic and sustainable human development; poverty and HIV/AIDS in sub-Saharan Africa; strengthening national capacity for HIV/AIDS strategic planning; HIV prevention in multicultural contexts; people living with HIV/AIDS; the law, ethics and discrimination, and sharing the challenge of the HIV/AIDS epidemic: building partnerships. Policy is developed through a process of consultation with the UNAIDS secretariat, co-sponsors and other partners to ensure coherent and coordinated United Nations positions.

35. *Financial requirements*. During the period 1997 to 2000, through all programme-funding mechanisms, UNDP has contributed some $80 million in programme resources and an additional $80 million in cost-sharing to supporting responses to the epidemic. This total of $160 million is expended through action at the country level (88 per cent), at the regional level (8 per cent) and global activities (4 per cent).

36. Given the urgent needs of programme countries in dealing with this disastrous development crisis, additional resources are required in order for UNDP to meet the demand for the services it provides. In accordance with Economic and Social Council resolution 1994/24 establishing UNAIDS, country-level funding shall be "obtained primarily through existing fund-raising mechanisms of the co-sponsors [...] channelled through the disbursement mechanisms and procedures of each organization".

37. The HIV/AIDS epidemic is the world's most serious development crisis as well as the most devastating epidemic in history. It is quickly becoming the biggest obstacle to achieving the international development targets of the Millennium

Summit. Nearly 58 million people have been infected, out of which nearly 22 million are already dead. The epidemic continues to spread, with over 15,000 new infections every day and an alarming acceleration in regions and countries hitherto spared. Given that AIDS kills people mostly in the 15-49 year age group, it is depriving families, communities and entire nations of the young and most productive people. It is therefore uniquely devastating in terms of increasing poverty and reversing human development achievements. UNDP is playing a key role, as co-sponsor of UNAIDS, in responding to this development crisis.

IV. Executive Board action

38. The Executive Board may wish to:

(a) Take note of the report contained in document DP/2001/16;

(b) Endorse the proposed strategic directions and areas of focus of the UNDP intervention in the fight against HIV/AIDS;

(c) Welcome the UNDP contribution to the United Nations system strategic plan for HIV/AIDS for 2001-2005;

(d) Endorse the overall approach of UNDP to its role as coordinator of the United Nations system activities at the country level, through the United Nations Theme Group on HIV/AIDS and the United Nations Development Assistance Framework and through its partnership with all United Nations organizations, non-governmental organizations and the private sector in response to the HIV/AIDS crisis;

(e) Note the critical need for increased resources from all sources so that UNDP can make its special contribution to the efforts of the United Nations system to curb and reverse the spread of HIV/AIDS and mitigate its impact on human development.

Annex

UNDP involvement in the formulation of the United Nations system strategic plan for HIV/AIDS for 2001-2005

1. The United Nations system strategic plan for HIV/AIDS for 2001-2005 is currently under development and defines the overall objectives and key actions of the United Nations system in support of global targets to respond to the epidemic. It identifies key functions of the United Nations system in support of national HIV/AIDS strategies and defines the roles and responsibilities of different United Nations organizations as part of a coordinated United Nations system response. Contributions to the plan are expected from over 20 United Nations organizations.

2. The global HIV/AIDS strategy: a framework for leadership, endorsed by the UNAIDS Programme Coordinating Board in December 2000, provides the foundation for the development of the United Nations plan. It offers a framework for the formulation and harmonization of strategies at global, national and community levels in pursuit of established global targets for the reduction of HIV/AIDS.

3. Four major principles guide the global HIV/AIDS strategy and the United Nations plan: (a) the need for national Governments and civil society to provide the leadership, means and coordination necessary to ensure national and international efforts to respond to country and community needs; (b) the need to support and actively engage people living with and affected by HIV and AIDS in efforts to address the epidemic in communities around the world; (c) the need to address explicitly gender inequalities fuelling the epidemic; and (d) the need to make available prevention methods, life-saving treatments and the result of scientific breakthroughs on an equitable and affordable basis for all.

4. The global HIV/AIDS strategy offers a series of leadership commitments to which key actors at global, national and community levels are invited to subscribe. These commitments form the basis of the United Nations plan and the sharing of responsibilities and roles among United Nations organizations participating in the plan.

5. These leadership commitments are to: (a) ensure an extraordinary response to the epidemic that includes the full engagement of top-level leaders to achieve measurable goals and targets; (b) reduce the stigma associated with HIV and AIDS and protect human rights through personal and political advocacy and the promotion of policies that prevent discrimination and intolerance; (c) affirm and strengthen the capacity of communities to respond to the epidemic; (d) protect children and young people from the epidemic and its impact — especially orphans; (e) meet the HIV/AIDS-related needs of girls and young women and minimize the circumstances that disadvantage women with respect to HIV/AIDS; (f) protect those at greatest risk of HIV/AIDS, including sex workers and their clients, injecting drug users and their sexual partners, men who have sex with men, refugees and internally displaced people, and persons separated from their families because of work or conflict; (g) ensure the provision of care and support to individuals, households and communities affected by HIV/AIDS; (h) promote the full participation of people living with HIV/AIDS in the response to the epidemic; (i) actively support the development of partnerships required to address the epidemic, in particular those required to improve access to essential information, services and commodities; (j) intensify

efforts in socio-cultural, biomedical and operational research to accelerate access to prevention and care technologies, to improve understanding of factors that influence the epidemic and enhance actions to address it; (k) strengthen the human resource and institutional capacity required to support service providers engaged in the response to the epidemic, in particular those in the education, health, judicial and social welfare sectors; (l) develop enabling policies, legislation and programmes that address individual and societal vulnerability to HIV/AIDS and mitigate its socio-economic impact.

6. The United Nations plan is expected to focus on strategies that contribute towards achieving the goals and targets already set by global conferences and others that may be considered at the special session of the General Assembly on HIV/AIDS to be held from 25-27 June 2001. They include the goal that HIV prevalence in persons 15-24 years old should be reduced by 25 per cent by 2005 in countries with high prevalence, and 2010 globally; and that 90 per cent of people should have access to HIV/AIDS information and services by 2005 and 95 per cent by 2010 (General Assembly resolution S-21/2 adopted at the twenty-first special session on review and appraisal of implementation of the Programme of Action of the International Conference on Population and Development). In addition, the United Nations Millennium Declaration commits Governments to have, by 2015, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.

7. In collaboration with the secretariat and co-sponsors of UNAIDS, UNDP has contributed to collective policy development, preparation of policy and reports and joint initiatives that will feed into and support the development of the United Nations system strategic plan for HIV/AIDS for 2001-2005. This includes inputs to the UNAIDS report on the follow-up to the World Summit for Social Development (WSSD+5); contributions to the preparation of the UNAIDS unified workplan and budget; participation on task teams composed of co-sponsors; involvement in the preparation of the UNAIDS reports to the Administrative Committee on Coordination (ACC); follow-up to the informal Security Council meeting of January 2000; contributing to the preparation of the Intensified Partnership on AIDS in Africa (IPAA); involvement in the inter-agency policy development process, in particular in areas of human rights, confidentiality, and United Nations system personnel policy on HIV/AIDS; participation in the UNAIDS retreat in October 2000 on the global HIV/AIDS strategy; and participation in the meetings of the UNAIDS Programme Coordinating Board and Committee of Co-sponsoring Organizations.

8. An important effort that has informed the development of the United Nations system strategy is the development of the International Partnership against AIDS in Africa (IPAA), including the meeting convened by the Secretary-General on the partnership in December 1999. These consultations and processes feed into and lead directly to the elaboration of the United Nations plan. In southern Africa, UNDP resident representatives have jointly articulated accelerated response of UNDP to HIV/AIDS as part of the IPAA effort.

9. UNDP has been an active participant in a series of regional and subregional consultations of UNAIDS co-sponsors facilitated by the UNAIDS secretariat in Africa, Eastern Europe, Latin America and the Caribbean, South Asia and South-

East Asia. The critical roles and tasks for each of the co-sponsors are emerging through these consultative planning meetings for action at the regional level.

10. National human development reports are increasingly including data and analysis of the development causes and consequences of HIV. Botswana, Cambodia, Namibia, and South Africa have issued reports with a focus on HIV and AIDS and others, including the global *Human Development Report*, have provided impact analysis within reports. Elements of the contribution of UNDP to the United Nations plan are already emerging from the consultations and work on preparation for these various reports.

11. The special session of the General Assembly on HIV/AIDS will be a key event for the continued scaling-up of the United Nations response and the implementation of the United Nations plan. At this session, to be held from 25 to 27 June 2001, Governments are expected to agree on a declaration of commitment that will outline priority areas where stronger action must be taken. The special session will provide a unique opportunity to set out a global agenda and create consensus around a set of core commitments. The special session of the General Assembly on HIV/AIDS: Report of the Secretary-General (A/55/779) suggests that action by Governments should focus on the following seven critical challenges for the present response:

(a) Effective leadership and coordination;

(b) Alleviating the social and economic impact of the epidemic;

(c) Reducing the vulnerability of particular social groups to HIV infection;

(d) Achieving agreed targets for the prevention of HIV infection;

(e) Ensuring that care and support is available to people living with HIV/AIDS;

(f) Developing relevant and effective international public goods;

(g) Mobilizing the necessary level of financial resources.

12. The special session is also expected to set a number of concrete targets for action to fight HIV/AIDS, building on goals adopted at previous United Nations forums, as summarized above. These include the target agreed by some 150 Heads of State and Government at the Millennium Summit in September 2000 to halt and begin to reverse the spread of HIV/AIDS by 2015.

13. As a co-sponsor of UNAIDS, UNDP is a key partner in the preparations for the special session, focusing on issues relating to the socio-economic impact of the epidemic and developing national capacities for an adequate response to the crisis, as well as financing the global response to HIV/AIDS.

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Results-oriented annual report of the United Nations Capital Development Fund

ROAR Summary

In its decision 99/22 of 17 September 1999, the Executive Board welcomed the positive assessment of the work of the United Nations Capital Development Fund (UNCDF) by the external evaluation team. In the same decision, the Board encouraged the United Nations Capital Development Fund to take the necessary action to implement the recommendations in cooperation with all other relevant actors and to report to the Executive Board on its performance within the context of the results-oriented annual report (ROAR) in 2000.

The 2000 ROAR is submitted in response to decision 99/22 and presents the analysis of UNCDF performance in 2000 assessed against its strategic results framework for the period 2000 to 2003. Progress in the sub-goals on local governance and microfinance was conclusive, confirming the Fund's comparative advantages in these areas. While the assessment is positive overall, there is room for improvement in measuring the organization's performance in natural resource management. UNCDF saw an increase in the number of new donors, including programming countries. However, despite this increase, core resources are still below targets. Therefore, because of the shortfall in available resources, the Fund cannot meet all the demands from programme countries. On the basis of the convincing results presented in the ROAR, UNCDF will strive to mobilize additional resources.

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Introduction

1. In its decision 99/22 of 17 September 1999, the Executive Board welcomed the positive assessment of the work of the United Nations Capital Development Fund (UNCDF) by the external evaluation. In the same decision, the Board "encouraged the United Nations Capital Development Fund to take the necessary action to implement the recommendations in cooperation with all other relevant actors and to report to the Executive Board on its performance within the context of the results-oriented annual report (ROAR) in 2000". The Board also encouraged UNCDF to report on "the Fund's partnership with the United Nations Development Programme in [local governance and microfinance], with particular emphasis on evolving roles and responsibilities".

2. The overall goal of the UNCDF strategic results framework (SRF) 2000-2003, contained in document DP/2000/CRP.10, of which the Executive Board took note in its decision 2000/15, is to help to reduce poverty through local development programmes and microfinance. This objective is further divided into four sub-goals—local governance, microfinance, natural resource management, and corporate management—that consist of outcomes reflecting UNCDF programming at the local level. The methodologies for preparing the SRF and undertaking the ROAR analysis are contained in the annex to the present document. To validate field data, the Fund compared selected data with external mid-term and final evaluations performed in 2000; these conclusions are also contained in the annex.

3. The discussion below focuses on those results attributable to UNCDF interventions. This reflects the small size of UNCDF and its orientation towards innovating pilot projects in local governance and microfinance. No attempt is made in the report therefore to measure the contribution of the Fund towards meeting its goal and sub-goals in the global context since the effort to do so would have diluted the discussion and detracted from it. The Fund used the ROAR process to reveal areas in need of attention, to support decision-making at programme/project and headquarters levels, and to give donors and development country partners an accurate picture of UNCDF performance.

4. The present report contains a summary of : overall results and conclusions; strengths and challenges; future operational and management tasks; analyses of goals, sub-goals, and outcomes; lessons learned; and in the annex the methodologies used.

I. Overall results and conclusions

A. Goal analysis

5. UNCDF plays a critical role in reducing poverty. The Fund serves as a catalyst, committed to risking innovation, insisting upon external assessments and exposing mistakes in order to learn from them. UNCDF understands that its unique role demands focus. The Fund therefore: (a) limits itself to two thematic areas—local governance and microfinance; (b) emphasizes less-developed countries, of which 15 are considered concentration countries; and (c) focuses on key entry points—local authorities and microfinance institutions.

Box 1. Malawi illustrates the organization's approach and potential impact

One of the world's poorest countries, Malawi ranked 12th from the bottom on UNDP's human development index in 2000. UNCDF has helped the Government to alleviate poverty through decentralized development planning, increased agricultural productivity, and small enterprise development to encourage broad-based economic growth since 1974. The UNCDF programme for Malawi includes an initiative to promote economic development and alleviate poverty through decentralized, bottom-up planning.

The pilot programme, Supporting Local Governance and Decentralization, has produced results in policy impact, district planning and financing systems, and donor replication. The programme supported the Government in its formulation of its progressive decentralization policy, the Local Government Act, the creation of the Decentralization Secretariat and the Interim Administration for District Assemblies, and the development of standard accounting and financial management manuals as well as comprehensive training on their use. Local government elections held in November 2000 set up 39 district, town, municipal and city assemblies.

The Local Government Act and the Decentralization Policy adopted many UNCDF/World Bank recommendations for devolving the provision of public service. With UNCDF support, the Government developed a national district development planning system and established institutional structures and a decentralized district development fund (DDF) in all districts. The Fund has since attracted other donors such as the United Nations Children's Fund, the World Food Programme and the Danish International Development Agency (DANIDA) to channel their funds through the DDF.

6. UNCDF addresses poverty reduction by investing with the poor. The Fund builds the productive capacity and self-reliance of poor communities by increasing their access to essential, local infrastructure and services. The Fund also strengthens community influence over economic and social investments that directly affect lives and livelihoods. Investing with the poor implies close partnership and emphasizes participation, engagement and dialogue. UNCDF-sponsored investments are therefore planned, implemented and monitored using broad leadership and popular participation. UNCDF particularly promotes transparent and accountable local governing institutions that can manage civic assets in the common interest.

7. UNCDF interventions are a small part of overall Official Development Assistance (ODA). Despite this fact, the Fund nevertheless alleviates poverty through its local development programmes (LDPs) and microfinance operations. Research shows access to basic infrastructure and services—including financial services—reduces poverty (see, for example, annex and bibliography in the policy paper "Taking Risks", produced by UNCDF in April 1999, available on request in English and French from UNCDF). Therefore, rather than use its limited resources to analyse the effect of UNCDF interventions on poverty reduction at the global level, the Fund assesses its impact on a country-by-country basis.

8. In 1998 UNCDF reformulated its approach to microfinance, based on lessons learned from experiences in Malawi and elsewhere. Previous assistance focused on credit guarantee schemes with linkages between commercial banks and microfinance institutions (MFIs). Now the Fund provides direct support to young and promising MFIs, as well as to more mature financial institutions that are expanding services to rural areas, especially remote ones.

Box 2. Through a $3 million grant from UNCDF, Pride Africa—a MFI headquartered in Nairobi, Kenya—established a local MFI in Malawi. In 2000, this local microfinance operation brought access to credit to 3,600 poor Malawis in just six months. It is expected to show operating profit in its fourth year, when it has 19,000 clients with a loan portfolio of $2.44 million.

B. Strengths and challenges

9. The ROAR analysis highlighted several strengths and challenges in UNCDF programming and management, which are presented below on three main categories: local development programmes (LDPs), including natural resource management; microfinance; and management.

Local development programmes

10. In 1995, UNCDF began to focus its activities on local governance thereby creating its new niche. In view of this short time frame, programming is still relatively new in many countries. As a small fund with limited resources, UNCDF strives for maximum efficiency and effectiveness and operates predominantly in countries where its approach can be most conducive to realizing results.

11. While the SRF cannot capture details of local development programmes, the analysis across ongoing programming emphasized some strengths and challenges.

12. Local-level planning in UNCDF-funded LDPs was generally participatory, with community members—or their representatives on local development committees—involved in needs identification, planning, and micro-project implementation. Women were active at all levels but the quantity and quality of their participation must be increased. The capacity development of local authorities and other actors in local development facilitated the approval of local development plans. Applying performance standards to unconditional grant funding added transparency and accountability to local planning and financing. UNCDF achieved an additional measure of success whenever a project—through outreach and advocacy—influenced national and/or local policies on decentralization.

13. While the Fund set ambitious replication targets, it recognizes that replication takes time. Nevertheless, the UNCDF approach was validated with every new partnership, every replication of a UNCDF model, every time a government applied the Fund model to other regions. The sub-goal and outcome analyses showed UNCDF achieved such successes in several countries e.g. Cambodia, Malawi, Mozambique, Senegal, Uganda, Viet Nam.

14. The progress made in natural resource management was uneven and the indicators used for the first UNCDF ROAR failed to capture some advances. After an in-depth assessment of the eco-development portfolio in 1998, UNCDF incorporated the eco-approach into the local development programme as a "green window" in 1999, thus working more closely with local authorities. This addressed the conclusion that eco-development projects had ignored institutional strategy for long-term sustainability and national ownership by focusing exclusively on community institutions and bypassing local state counterparts. At the workshop on local development and decentralization of natural resource management held in Cotonou, Benin, in December 2000, it was noted that the diagnostic and planning procedures and mechanisms adopted in projects had forged stronger alliances between local actors. Access to planning tools and capacity-building allowed village communities to assume a critical role in natural resource management. Local populations understood their environmental problems better and consequently took quickly to experimenting with, and subsequently adopting, best practices in natural resource management. The sub-goal and outcomes on natural resource management were perhaps too ambitious because: (a) they required changes in natural resource management

behaviour; (b) their cause-and-effect hypotheses were more complex; and (c) non-controllable variables—such as input and crop price policies—were numerous. For these reasons, the UNCDF strategy in natural resource management remains in evolution, even after a consolidation phase.

15. While UNCDF has made great inroads in local governance in the last five years, the organization must address two important needs: (a) better project level monitoring and evaluation systems would give the Fund more access to useful lessons and (b) more adequate maintenance would improve sustainability of the infrastructure. The 1999 Evaluation Results report identified these weaknesses, UNCDF devised several responses, and the ROAR data reaffirmed the need to make appropriate changes a priority.

Microfinance operations

16. The UNCDF Special Unit for Microfinance (SUM) manages and provides technical backstopping for the UNCDF-funded microfinance portfolio and the UNDP-funded MicroStart programme; it also provides technical advisory services to UNDP country offices. While the ROAR data analysis looked only at UNCDF-funded projects, the SUM role in microfinance for both organizations was significant. Following the independent review of UNCDF microfinance activities undertaken by the Consultative Group for Assisting the Poorest (CGAP), several projects closed down or were completely reformulated to reflect the new microfinance policy. Using criteria highlighted in the March 1999 UNCDF working paper on microfinance regarding minimum conditions for sustainable microfinance programmes ("Building on lessons learned"), the Fund has separated most of its microfinance investments from its local governance projects and made them stand-alone investments. Nevertheless, several UNCDF microfinance investments remain linked to other development programmes requiring close monitoring of their viability.

17. The Fund's microfinance policy also highlights the need to weigh the geographical focus on remote rural areas against other preconditions (population density, social cohesion, economic potential, etc.) to ensure the sustainability of investments. While much progress was made assessing the minimum conditions needed to develop microfinance in remote rural areas on a sustainable basis, this remains a challenging area for UNCDF microfinance.

18. UNCDF improved the quality and timeliness of performance reporting on microfinance investments in 2000. While this discipline brought good results for newer investments, it was less effective for some older projects. In addition, the ROAR reporting highlighted the need to improve inconsistent definitions and calculation methods for key indicators.

19. The emphasis on institutional capacity-building eclipsed the importance of assessing the impact of interventions on the ground. SUM did, however, support the development of the tools known as Assessing the Impact of Micro-enterprise Services (AIMS), tested on one MicroStart project in 2000. Such tools may also facilitate reporting on gender issues in the future.

Management

20. The major task facing UNCDF in 2000 was to implement the recommendations of the external evaluation of UNCDF undertaken in 1999 (see para. 1 above). While progress was a little slower than expected, the Fund realized satisfactory advances, thereby improving UNCDF programming: UNCDF revised its formulation process, closed a number of projects, restructured the organization, and agreed on strategies for policy impact and replication, lessons learned, and best practices. The organization deepened its partnership with UNDP in 2000; the Fund's Business Plan 2001-2002 outlined steps to strengthen further this key relationship. Once again the Fund showed its adaptability, implementing change efficiently and effectively. This was largely due to the committed and skilled staff of UNCDF in the field and at headquarters.

21. Despite a positive evaluation of the organization endorsed by the Executive Board in 1999, net donor contributions did not increase. As a result, UNCDF was unable to respond fully to demands by programme countries for Fund support. While one of the comparative advantages of UNCDF is its small size, without

increased funding—whether core or non-core—the Fund will eventually suffer operational difficulties, as evidenced by the drop in new project approvals.

C. Future operational and management tasks

22. Following the ROAR analysis, and in consultation with staff, UNCDF management identified the following priority tasks to be implemented in the next two years:

(a) **Policy:** Operationalize UNCDF's new strategy for policy impact and replication;

(b) **Operational performance:** Operationalize natural resource management within local development programmes; improve monitoring and reporting for all projects—producing a more complete picture of UNCDF achievements in natural resource management and improving consistency in microfinance reporting; and implement promised improvements set out in previous documents relating to infrastructure maintenance, thereby ensuring greater sustainability;

(c) **Funding:** Concentrate on resource mobilization;

(d) **Impact:** Prepare for the 2002 impact evaluation of UNCDF interventions.

II. Detailed results

A. Performance analysis by sub-goal

23. The categories for the performance ratings for the outcomes of each sub-goal are explained in paragraph 6 of the annex to the present documents. "No rating" indicates that there was insufficient data to undertake an analysis.

Sub-goal 1: To increase sustainable access of the poor to public goods and services through good local governance.

Outcomes	Performance
Improved capacity of local communities and civil society organizations to participate in the planning of local development.	Satisfactory
Participatory planning processes are institutionalized at the local level.	Partially achieved
Financing mechanisms based on principles of good governance are institutionalized at the local level.	Partially achieved
Local authorities have improved access to sustainable funding sources.	Partially achieved
Increased local capacity to deliver basic infrastructure and public services.	Satisfactory
Increased local capacity to maintain basic infrastructure and public services.	Partially achieved
Local communities are empowered to hold local authorities accountable for delivery of basic infrastructure and public services.	Satisfactory
Improved national policy and regulatory frameworks for decentralization and strengthened local government.	Satisfactory
Best practices of UNCDF pilot projects are replicated by other donors and central governments.	Satisfactory

Box 3. The Local Development Programme in Nampula Province in Mozambique—a successful example of government replication—still struggles to strike appropriate balance between participation of the rural population and the need for results. Current methodology assures greater access to basic infrastructure but money might be spent more efficiently were the rural population better able to articulate their concerns. The participation by women is still relatively weak but the Programme is addressing these issues quantitatively and qualitatively. In Necata, the long distance to the nearest health post was a common complaint by pregnant women. A member of this community said, "We found the health post the most important issue because one needs to be healthy to go to school or to work."

24. SRF-defined principles of good local governance include accountability, transparency, and participation in planning and decision-making. Analysis of public goods and services resulting from UNCDF-financed projects confirmed that social infrastructure is the most common request of local communities. Examination of the UNCDF project portfolio demonstrated that the Fund has increased sustainable access for the poor to public goods and services in those areas where the organization provides support. This, however, relates only part of the Fund's achievement: factoring UNCDF influence on national policies and the replication of its LDP approach by both donors and governments multiplies the Fund's actual contribution exponentially—e.g., in Cambodia, Malawi, Mozambique, Palestine and Uganda.

25. This sub-goal revealed UNCDF diversity in local level partners. Central government-local government partnerships shaped and influenced national policy through bottom-up lessons learned at the local level. Partnerships with local non-governmental organizations (NGOs) and civil society groups ensured that UNCDF programmes continued responding to needs, thereby laying the groundwork for policies that serve the poor.

26. UNCDF continued to partner with UNDP in local development. This symbiosis combined UNDP upstream experience and UNCDF in-depth local knowledge and experience.

27. Because national governments are the primary partners in UNCDF interventions, their ownership of programmes and willingness to replicate successful experiences adds sustainability. UNCDF encouraged ownership by national governments of its programmes, promoting an enabling policy environment and subsidiarity.

28. Finally, bilateral and multilateral donors are key to the replication of local development programmes, pending the Government's ability to do so itself. Replication takes many forms and can span many years: in 1995, UNCDF partnered with the World Bank to test policy and to design decentralization strategies in Uganda. The success of this effort led the Bank to expand the pilot nationwide through its International Development Association (IDA) loans. This collaboration also extended to programmes in Malawi, Mozambique and Senegal in 2000. UNCDF continued building partnerships with bilateral donors, such as Australia in Viet Nam, Belgium in Mali and Niger, and the Netherlands in Mozambique.

Sub-goal 2: To increase access of the poor, especially women, to financial services on a sustainable basis through strengthened microfinance institutions and an enabling environment.

Outcomes	Performance
The poor, especially women, have greater access to microfinance services.	Satisfactory
Microfinance institutions are financially viable and provide quality services.	Satisfactory
Countries have improved their enabling environments for supporting the development of micro-finance.	Satisfactory

Box 4. In Nicaragua, a UNCDF-funded project channelled $2.86 million to MFIs operating in five northern departments. The project set industry standards in Nicaragua by introducing a revolving credit fund administered by a local institution and instilling financial discipline to the region. Credit repayment rates of 100 per cent by the MFIs show the importance of combining institutional strengthening with access to financial credit.

29. The three outcomes for this sub-goal confirmed satisfactory progress. UNCDF-supported MFIs generally increased access by the poor to microfinance services, as shown by higher numbers of active borrowers and savers. All MFIs included women clients, albeit to varying degrees. While consistent and proper reporting was still an issue with many MFIs, these organizations began early on to institute best practices—such as setting interest rates to cover the full cost of delivering the service, maintaining low levels of delinquency, and aiming for zero default. The UNCDF emphasis on building institutional capacity saw progress in MFI operational and financial self-sufficiency. This is noteworthy since the Fund supports young and promising institutions as well as older MFIs pushing the frontier of their interventions into rural Africa. UNCDF actively supported enabling environments for microfinance. Understandably, Fund contribution at this level is still somewhat limited.

30. By building the capacity of these institutions, supporting start-ups, and identifying "break-through" organizations, UNCDF increases their capacity to provide quality services to microfinance customers. Competition in the financial services market leads to increased efficiency, thereby benefiting the poor by decreasing the cost of the services.

31. The outcomes tracked only UNCDF-financed projects. Following the merging of the Special Unit for Microfinance with UNCDF in 1999, the Fund continued to play an active role in managing and providing backstopping for over 20 UNDP-financed MicroStart projects. Launched in 1997, MicroStart currently invests in 65 MFIs in 14 countries. Collectively, these MFIs have more than tripled the number of active clients they serve, from a baseline of 48,191 to 151,416 in 2000. The percentage of women clients served rose from 57 per cent to 84 per cent over the same period. The low average loan size in relation to per capita gross domestic product (GDP) and the focus on women strongly indicate that these MFIs are serving the poor. SUM pursued its learning agenda by promoting the understanding of and support to the role of savings in Africa through research and product development by MicroSave Africa, a programme supported by UNDP, CGAP and the Department for International Development (DFID) of the United Kingdom.

32. UNCDF established partnerships with technically strong international service providers, government agencies, donor and support organizations and learning institutions. Strategic alliances with donors, mature microfinance institutions, and the commercial banking sector facilitated expansion of new MFIs. SUM also strengthened its partnerships with multilateral and bilateral donors, such as CGAP and the African Development Bank (AfDB).

Sub-goal 3: To improve sustainable livelihoods of the poor through enhanced productivity, as well as increased access to, and local management of, natural resources.

Outcomes	Performance
Increased capacity of local authorities to plan and invest in land-use related activities.	Partially achieved
Communities living in fragile environments adopt sustainable and/or more productive land-use practices.	Partially achieved
Livelihood opportunities of rural communities are diversified.	No rating
Local populations have greater access to markets.	No rating
Local authorities as well as community and user groups are capable of managing natural resources in a sustainable manner.	Below expectations
Communities look to institutional mechanisms to solve conflicts relating to natural resources management.	Below expectations

Box 5. The July 2000 assessment by the Government of Belgium of the UNCDF/Belgian Survival Fund eco-development project in Bankass, Mali, concluded that, "the project improved living conditions and empowered the poor".

- The project used its flexibility to help to create pre-commune structures, pending local elections and the formal establishment of decentralized administrative arrangements; it thus played a role in laying foundations for the coming decentralization.
- Secure grain banks accessible to the local population—and particularly the most needy—made the greatest difference: in hard times, one family no longer must work for another but can borrow from the grain bank while continuing to cultivate its own fields.
- Although women made up 29 per cent of the 273 persons from 89 villages trained in needs assessment, women remain excluded from the traditional decision-making circle.

33. Improved sustainable livelihoods for the poor were to be measured in this ROAR by tracking increased productivity of the local rural economy and local management of natural resources. The inconsistent reporting and often unsatisfactory performance of projects that reported suggest that the UNCDF contribution in 2000 to this sub-goal was limited.

34. Analysis of this sub-goal proved challenging for several reasons: (a) Despite nine eco-development projects and six rural development-type projects reporting, relatively few tracked sub-goal 3 issues and (b) three indicators received inadequate responses. SRF outcomes and indicators for sub-goal 3 must therefore be reworked for 2001.

35. Most UNCDF sub-goal 3 project partners were found at the local level, including traditional leaders, community-based organizations, extension services, and local authorities. UNDP joined with UNCDF on most projects and UNCDF developed a close partnership with the Belgian Survival Fund in Mali and Niger.

Sub-goal 4: To promote a financially sound organization that develops and implements quality programming in local governance and microfinance.

Outcomes	Performance
UNCDF will have moved from policy refinement to an emphasis on operational impact.	Satisfactory
UNCDF will have maintained quality assurance through skilled staff, improved elements of the project cycle and continuous learning through monitoring and evaluation.	Satisfactory
UNCDF will have maximized its comparative advantages through improved partnerships.	Satisfactory
UNCDF will have become more efficient and cost-effective through improved tracking and analysis of its finances.	Satisfactory
UNCDF will have developed a culture of resource mobilization based on measurable performance, efficiency and value for money.	Partially achieved
UNCDF will have diversified its resource base and increased the number of donors.	Partially achieved

36. The organization has switched focus from policy refinement to policy implementation. New projects in 2000 reflected this and ongoing projects underwent realignment as needed. UNCDF closed unproductive projects and projects outside its niche.

37. UNCDF enhanced the quality of its programming by incorporating lessons learned, improving its formulation process, and cleaning up its portfolio. While the Fund undertook a major effort to increase available funds in 2000, actual results were a source of some concern. The Fund has maintained its financial integrity and remains sound but core and non-core funding must increase for UNCDF to sustain current programme expenditure levels. In order to implement the new policy quickly and effectively, UNCDF approved projects between 1995 and 1999 whose total annual cost exceeded annual contributions. This required the Fund to access its accumulated liquidities, thereby decreasing core resources—a decrease as yet unmatched by an increase in net donor contributions and non-core funding.

38. UNCDF sought to maximize its impact on poverty by cultivating strategic partnerships in all facets of the Fund's work. UNCDF and UNDP deepened their partnership in 2000. This relationship proved complementary in many ways, as UNDP refocused upstream and opportunities emerged to apply UNCDF downstream experiences in local development and microfinance. UNCDF also increased partnerships with research organizations, technical institutions, and practitioners in the field—such as the Center for Development Research in Copenhagen, the Ford Foundation, le Programme municipal de développement (Benin), and the University of Western Cape.

B. Analysis of outcomes by strategic area of support

Strategic area of support 1.1: Promote a participatory development planning process at the local level.

Outcome 1.1.1: Improved capacity of local communities and civil society organizations to participate in the planning of local development. [Satisfactory]

Indicators	Targets	Achievements
(a) Percentage of projects where communities use participatory approaches for assessing needs.	16 projects	14 projects (87.5%) [Satisfactory]
(b) Percentage of projects with an increase in women's participation in community needs assessments.	12 projects	10 projects (83%) [Satisfactory]
(c) Percentage of projects with communities regularly preparing annual investment plans.	8 projects	7 projects (87.5%) [Satisfactory]

39. Most projects reported having village or commune development committees that linked the locally elected authority with community members. Institutional capacity of these committees improved via training in participatory approaches and local planning, as well as through practical experience. Community members, including women, could thus identify needs, understand options, and express expectations. At least 3,637 villages and/or communes participated in assessments in 2000.

Outcome 1.1.2: Participatory planning processes are institutionalized at the local level. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects where local authorities have approved local development plans meeting minimum quality standards.	14 projects	8 projects (57%) [Partially achieved]
(b) Percentage of projects with local development plans reflecting community needs assessments.	12 projects	7 projects (58%) [Partially achieved]
(c) Percentage of projects with women representatives participating in the preparation of the local development plans.	13 projects	10 projects (77%) [Satisfactory]

40. Institutionalizing participatory planning processes at the local level is a gradual activity that often takes considerable time. Several local development programmes were slow starting up in part because strengthening the technical skills and building capacity within local institutions took longer than expected. This produced less-than-satisfactory performance. The percentage of participating women dropped significantly, suggesting that men dominated planning. The high approval rating for local development plans, however, demonstrated that local plans are meeting established criteria.

Strategic area of support 1.2: Promote sound and sustainable financing and financial management practices at the local level.

Outcome 1.2.1: Financing mechanisms based on principles of good governance are institutionalized at the local level. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects where audit reports show an improved compliance of the local authorities' financial management and accounting procedures with national standards.	7 projects	6 projects (86%) [Satisfactory]
(b) Percentage of projects with local communities having access to public spending records.	6 projects	4 projects (67%) [Partially achieved]
(c) Percentage of projects with local communities maintaining financial records on micro-project final costs.	6 projects	3 projects (50%) [Partially achieved]

41. While relatively few projects reported on this outcome, the fact that audits had commenced showed welcome progress. The indicators incompletely captured the significant training of local authorities. Of some concern was the underreporting by several more advanced UNCDF projects. As previously mentioned, LDP capacity-building takes time; it is therefore too early in the implementation of most projects to measure the institutionalization of financing mechanisms.

Outcome 1.2.2: Local authorities have improved access to sustainable funding sources. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects with local authorities having access to sustainable sources of funds for local development plans after UNCDF support ends.	6 projects	5 projects (83%) [Satisfactory]
(b) Percentage of projects with an increased replacement rate of UNCDF funds by alternative external sources (from central government or other donors).	5 projects	4 projects (80%) [Satisfactory]
(c) Percentage of projects with improved local revenue collection rates.	8 projects	3 projects (38%) [Below expectations]

12. In 2000, UNCDF emphasized the importance of securing replication partners prior to project start-up. Ongoing projects have done this mainly by demonstrating success. Most local authorities began to increase their access to sustainable funding sources—a positive sign. Mandatory exit strategies in all new UNCDF projects boosted the Government's commitment either to fund local development after UNCDF withdrawal or to find other partners. Poor project performance in local resource mobilization can be attributed to many factors, including a poor resource base and the capacity of taxpayers to contribute.

Strategic area of support 1.3: Develop local capacity to deliver and maintain basic infrastructure and public services on a sustainable basis.

Outcome 1.3.1: Increased local capacity to deliver basic infrastructure and public services. [Satisfactory]

Indicators	Targets	Achievements
(a) Percentage of projects with an increase, at the community level, in the number of basic infrastructure and public services.	22 projects	15 projects (68%) [Partially achieved]
(b) Percentage of projects with contracts for micro-projects completed within 125 per cent of planned budget and completion time.	9 projects	7 projects (78%) [Satisfactory]
(c) Percentage of projects with micro-projects positively assessed for quality.	9 projects	8 projects (89%) [Satisfactory]
(d) Percentage of projects with service and infrastructure users who are satisfied with the relevance, quality, access and cost of the service/infrastructure.	9 projects	7 projects (78%) [Satisfactory]

13. All projects—except those in microfinance—constructed infrastructure. Two out of three achieved their targets. Those projects reporting on efficiency, mainly of LDPs, said that most construction was completed on time, on budget, and was of satisfactory quality. Given the many projects with late starts in 2000, all indicators suggested there will be more and better local delivery of basic infrastructure and public services in 2001.

Box 6. Commune development committees in Cambodia boosted productivity through competitive bidding that brought the costs of projects financed by local development funds down by 15 per cent.

Outcome 1.3.2: Increased local capacity to maintain basic infrastructure and public services. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects with physical infrastructure meeting technical standards of maintenance after three years of completion.	Too early to track	[No rating]
(b) Percentage of projects of micro-projects with operation and maintenance plans/budgets.	14 projects	8 projects (57%) [Partially achieved]

44. The 1999 Evaluation Results report identified operation and maintenance as a recurrent problem; UNCDF management is taking steps to improve performance (such as developing and implementing a system based on corporate principles of participatory monitoring and evaluation and providing technical support to local authorities and community groups for the management, operation and maintenance of investment assets). Analysis of indicators echoed this conclusion, reiterating the importance of implementing those remedies identified by UNCDF management.

Outcome 1.3.3: Local communities are empowered to hold local authorities accountable for the delivery of basic infrastructure and public services. [Satisfactory]

Indicators	Targets	Achievements
Percentage of projects showing that local communities are satisfied with public access to information relating to funds allocation, procurement and contract-awarding procedures and implementation.	9 projects	7 projects (78%) [Satisfactory]

45. Public access to information is key to good governance. Transparency enabled community members to hold locally elected authorities accountable for their decisions. A greater sense of ownership ensued in 2000 when local communities not only identified their needs but also followed the process of completing needed infrastructure.

Strategic area of support 1.4: Advocate for national policies supporting decentralization and for the replication of pilot programmes.

Outcome 1.4.1: Improved national policy and regulatory frameworks for decentralization and strengthened local government. [Satisfactory]

Indicators	Targets	Achievements
(a) Regulatory frameworks for increased participation of local development committees and other community-based organizations in the local planning process are in place and functional.	9 projects	6 projects (67%) [Partially achieved]
(b) The national legal and statutory framework on decentralization is amended/updated based on the UNCDF experience at the local level.	7 projects	7 projects (100%) [Satisfactory]

46. UNCDF worked closely with Governments, UNDP and donors to improve national policies and regulatory frameworks on decentralization. The collection, analysis, and dissemination to central governments of lessons learned from UNCDF pilot programmes made positive contributions to policies. In Mozambique, for example, draft legislation reflecting the experience of the Nampula model (supported by UNCDF) awaits approval.

Outcome 1.4.2: Best practices of UNCDF pilot projects are replicated by other donors and central governments. [Satisfactory]

Indicators	Targets	Achievements
(a) Percentage of projects being replicated by other donors.	5 projects	4 projects (80%) [Satisfactory]
(b) Percentage of countries where UNCDF pilot projects are being replicated by the central government.	5 projects	5 projects (100%) [Satisfactory]

47. Progress was favourable on this outcome, particularly for local governance projects. In Cambodia, a programme supported by UNCDF and UNDP evolved into a national government programme, attracting donors such as the German Agency for Technical Cooperation (*Deutsche Gesellschaft für Technische Zusammenarbeit*) (GTZ) and DFID. In Malawi, AfDB is helping to replicate the District Development Fund in five other districts. The Government of Zambia will disburse World Bank funds following district development plan methodology supported by UNCDF. In microfinance, UNCDF experience with the Credit Agency for Enterprise and Production in Senegal led to replication by other MFIs.

Strategic area of support 2.1: Support an increase in assets of the poor.

Outcome 2.1.1: The poor, especially women, have greater access to microfinance services. [Satisfactory]

Indicators	Targets	Achievements
(a) Percentage of microfinance institutions reaching targets regarding number of active borrowers.[a]	27 MFIs	26 MFIs (96%) [Satisfactory]
(b) Percentage of MFIs reaching targets regarding number of active savers.	22 MFIs	17 MFIs (77%) [Satisfactory]
(c) Average percentage of women borrowers per MFI.	27 MFIs	27 MFIs (100%) [Satisfactory]
(d) Average loan size per MFI.	26 MFIs	19 MFIs (73%) [Partially achieved]
(e) Percentage of MFI clientele considered as poor.	N/A	N/A [No rating]

[a] *Only UNCDF financially supported MFIs were reported in the ROAR.*

48. Eighty per cent of MFIs added active borrowers in year 2000, all MFIs loaned to women, and in 60 per cent of MFIs more than half the borrowers were women. (This number differs from the 96 per cent shown in table 2.1.1a, as some MFIs began with targets lower than their 1999 baseline figures. Such cases included MFIs which, in agreement with UNCDF, prioritized consolidation over increasing borrowers.) MFIs also generally provided financial services for savers. MFIs were less successful in meeting their targets for average loan size but this demand-driven item simply reflected client needs. Analysis of this outcome suggested that UNCDF should review these indicators further for 2001.

Strategic area of support 2.2: Promote the development of sustainable microfinance institutions.

Outcome 2.2.1: MFIs are financially viable and provide quality services. [Satisfactory]

Indicators	Targets	Achievements
(a) Percentage of MFIs reaching operational self-sufficiency.	16 MFIs	14 MFIs (87.5%) [Satisfactory]
(b) Percentage of MFIs reaching financial self-sufficiency.	19 MFIs	12 MFIs (63%) [Partially achieved]
(c) Percentage of MFIs operating with increased operating efficiency:		
(i) outstanding portfolio/credit officer;	21 MFIs	15 MFIs (71%)
(ii) active loans/credit officer.	12 MFIs	9 MFIs (82%) [Satisfactory]

49. UNCDF often works with new and expanding microfinance institutions; in such MFIs, operational and financial self-sufficiency are not goals achievable in the short term. Nevertheless, the assessment of MFI ratings showed most attained interim operational self-sufficiency targets and several MFIs even showed financial self-sufficiency. Technical reviews showed calculations were inconsistent, possibly signalling lower ratios in 2001. Most MFIs attained minimum performance standards set by UNCDF.

Strategic area of support 2.3: Advocate for an enabling environment for sustainable microfinance activities.

Outcome 2.3.1: Countries have improved their enabling environment for supporting the development of microfinance[a]. [Satisfactory]

Indicator	Target	Achievement
Number of projects having led to institutional change in the microfinance environment.	5 projects	4 projects (80%) [Satisfactory]

[a] *An enabling environment for the development of microfinance includes key economic and policy prerequisites. A legislative and regulatory environment is not a prerequisite for successful microfinance. Consequently, regulation of the microfinance industry has not been a UNCDF priority; the Fund has instead concentrated on advising government partners when and how to regulate the industry.*

50. MFIs survive and thrive in very different social, political and economic conditions. Certain factors in an environment can, however, help or hinder the emergence and growth of sustainable MFIs that reach the poor. Workshops and study tours in 2000 alerted government officials of the Lao People's Democratic Republic of the pitfalls of microfinance industry regulation prior to adequate industry experience in the country. In Madagascar, UNCDF boosted financial reporting discipline for a number of MFI partners, enhancing their credibility and status with national authorities. The Fund also established links to the formal banking system, thereby facilitating refinancing. Improving the enabling environment for microfinance development was a relatively new priority for UNCDF; building MFI institutional capacity remains the key UNCDF contribution. In this light, progress was satisfactory but must improve in the coming years.

Strategic area of support 3.1: Support increased land-use productivity.

51. For all sub-goal 3 outcomes, reporting was limited and often unclear. Reasons for this included: (a) older rural development projects had few project indicators or weak monitoring and evaluation systems; (b) the SRF indicators were sometimes unsuitable for older project activities or proved too difficult to monitor; and (c) several newer LDPs with natural resource management components were in the early stages of implementation and therefore lacked results.

Outcome 3.1.1: Increased capacity of local authorities to plan and invest in activities relating to land-use. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects with local authorities having plans in activities relating to land-use.	6 projects	3 projects (50%) [Partially achieved]
(b) Percentage of projects with local community participating in the preparation of land-use investment plans.	5 projects	3 projects (60%) [Partially achieved]

52. Several projects increased the capacity of local authorities to plan and invest in land-use related activities. Results should improve in 2001 with new projects on line and slow starters producing.

Outcome 3.1.2: Communities living in fragile environments adopt sustainable and/or more productive land-use practices. [Partially achieved]

Indicators	Targets	Achievements
(a) Percentage of projects where food security for the community has improved.	6 projects	4 projects (66%) [Partially achieved]
(b) Percentage of projects where crop yields are stabilized and/or improved.	6 projects	6 projects (100%) [Satisfactory]

53. Several projects promoted sustainable and/or more productive land-use practices implemented by communities living in fragile environments. Two indicators monitored changes in such practices by measuring improved local food security and stabilized or increased crop yields in a project area. Analysis of the data revealed that not all reporting projects defined food security in a similar manner. However, for the purposes of the present report, the statement in the 1996 World Food Summit Plan of Action holds true: "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life." Achievement rates were respectively 66 per cent and 100 per cent, suggesting that most Fund-supported communities adopted more sustainable and/or productive land-use practices.

Outcome 3.1.3: Livelihood opportunities of rural communities are diversified. [Partially achieved]

Indicator	Target	Achievement
Percentage of projects with an increase in the individual incomes deriving from new activities.	0 projects	0 projects [No rating]

54. New sources of income break dependency on traditional agricultural practices. Increased individual incomes are measures of diversification of rural livelihood. Many project achievements went unreported because data collection was time-consuming and demanded potentially expensive tools. One such unreported achievement was in Mali, where UNCDF supported the establishment and management by women of a dairy in the Bankass region. Many women used the time they saved to improve their literacy and accounting skills. Milk production increased substantially, as did the women's revenue, thereby improving their food security and the nutritional health of their children.

55. Indicators have been modified in 2001 to capture actual progress better.

Outcome 3.1.4: Local populations have greater access to markets. [No rating]

Indicators	Targets	Achievements
(a) Percentage of projects where markets show a decrease in cost of produce.	0 projects	0 projects [No rating]
(b) Percentage of projects where markets show an increase in collected fees.	1 project	1 project (100%) [Satisfactory]

56. Good roads can lower produce costs at market. While the Fund moved away from blueprint infrastructure projects, its portfolio included at least eight projects with such components. In addition to tracking kilometres built or rehabilitated, greater access to markets was considered an indirect outcome of improved transportation.

A dearth of available data on these indicators precluded their analysis for the present ROAR. Although UNCDF projects performed satisfactorily in improving road infrastructure, current outcome and indicators need revision to reflect the impact of UNCDF roads projects better.

Strategic area of support 3.2: Promote local management of natural resources.

Outcome 3.2.1: Local authorities as well as community and user groups are capable of managing natural resources in a sustainable manner. [Below expectations]

Indicators	Targets	Achievements
(a) Percentage of projects with user groups are still functional after UNCDF support ends.	5 projects	2 projects (40%) [Below expectations]
(b) Percentage of projects with documented evidence of positive changes in the practices of the communities concerning natural resources management.	5 projects	3 projects (60%) [Partially achieved]
(c) Percentage of projects where local authorities increase their retention of receipts from natural resources.	0 projects	0 projects [No rating]

57. Several projects sought to increase capacity of local authorities, and community and users' groups to manage natural resources sustainably. Unlike outcome 3.1.2 (individual practices), this outcome addressed the ability of a community as a whole, including that of local authorities, to manage their natural resource base according to clearly defined regulations. The workshop on local development and decentralized natural resource management held late in 2000 highlighted obstacles to local natural resource management, such as: (a) when natural resource management was effectively decentralized to the local level, financial and human resources did not always follow; (b) traditional local leaders often conflicted with locally elected officials; (c) natural resource management activities often lacked originality and were repetitive, thereby ignoring local conditions; and (d) natural resource management suffered from weak negotiation skills of village and commune leaders.

Outcome 3.2.2: Communities look into institutional mechanisms to solve conflicts relating to natural resource management. [Below expectations]

Indicator	Target	Achievement
Percentage of projects with a decrease in the number of conflicts relating to natural resource or land use.	3 projects	1 project (33 per cent) [Below expectations]

58. Improved institutional mechanisms can minimize natural resource conflicts. Populations in fragile environments often wage acute, long-lasting competition for use of scarce natural resources. This is clearly an area to be further strengthened. Sustainable natural resource management requires community members to develop and follow, with or without intervention by local authorities, a self-regulatory framework for the use of scarce resources. The main achievements in 2000 were in Benin, where three communities devised and implemented conflict resolution for access to classified communal forests, and in Madagascar, where 14 villages elaborated, but did not implement, a similar mechanism.

Strategic area of support 4.1: Promote excellence in the planning and implementation of local development programmes and microfinance operations.

Outcome 4.1.1: UNCDF will have moved from policy refinement to an emphasis on operational impact. [Satisfactory]

Indicators	Targets	Achievements
(a) Annual programme targets met: Expenditures Approvals	$40 million $25 million	$38 million (97%)[a] $19.2 million (77%) [Satisfactory]
(b) Evaluations show greater levels of impact.	99 Evaluation report shows impact	UNCDF is effectively enhancing the well-being of the poor [Satisfactory]
(c) Action plan 2000 targets are respected for recommendations 1, 2 and 7.	See action plan 2000 for recommendations 1, 2, and 7	Recommendations 1 and 2 achieved; recommendation 7 ongoing and will be finalized in 2001 [Satisfactory]

[a] *Figures available at the time of writing the report.*

59. The majority of local development programmes and microfinance projects in 2000 were in line with UNCDF policy. A December workshop brought together practitioners and UNCDF field and project staff to clarify natural resource management policy in local governance, based upon lessons learned and practical experience. The 1999 Evaluation Results report concluded that UNCDF interventions were indeed having an impact on the poor. UNCDF detailed its refocus on policy impact and replication in a new strategy paper, to be implemented in 2001.

Outcome 4.1.2: UNCDF will have maintained quality assurance through skilled staffing, improved elements of the project cycle, and continuous learning through monitoring and evaluation. [Satisfactory]

Indicators	Targets	Achievements
(a) Increase in number of requests for UNCDF advisory services.	3	5 for Local Governance Unit and 23 for Special Unit for Microfinance [Exceeded expectations]
(b) Average time for project formulation.	12 months	12 months (100 per cent) [Satisfactory]
(c) Programmes formulated according to new guidelines.	Guidelines drafted and tested in two pilots	Guidelines prepared and pilots done in MAG and NIC [Satisfactory]
(d) Percentage of new projects with an exit strategy for UNCDF.	4	3 (75 per cent) [Satisfactory]
(e) Dissemination of lessons learned and best practices.	Strategy for lessons learned and best practices prepared and put into operation	Draft strategy approved [Satisfactory]

60. While the 1999 external evaluation cited "substantial variance in the quality of projects," it called the Fund's efforts "broadly good" and pointed out that "projects appear to be taking risks and innovating". All five indicators were satisfactory, demonstrating high demand for UNCDF services, improvement of its programme formulation process, and emphasis on lessons learned and best practices. The UNCDF position at the cutting edge, innovating practices in local governance and microfinance, consistently draws staff willing to work hard, think creatively and strive for quality results.

Outcome 4.1.3: UNCDF will have maximized its comparative advantages. [Satisfactory]

Indicators	Targets	Achievements
(a) Number of programmes/projects with replication partners on board prior to start-up.	2 projects	1 project (50 per cent) [Partially achieved]
(b) Best practices regarding policy impact are documented.	Documented via West Africa workshop and policy paper	9 cases documented [Satisfactory]
(c) Number of programmes with strategies for policy impact and replication.	Technical and programme missions review policy impact and replication	All missions included reviews of policy impact and replication in terms of reference [Satisfactory]
(d) Increased networking and growth in number of partnerships.	3 partnerships	5 partnerships (167 per cent) [Exceeded targets]

61. Policy impact and replication are UNCDF policy objectives. UNCDF worked closely with Governments and other partners to promote policy changes encouraging local governance, decentralization and an enabling microfinance environment. UNCDF comparative advantages include its small size, emphasis on capital investment, focus on local governance and microfinance, and focus on a limited number of countries. The Fund also worked towards wider replication of UNCDF-supported pilot programmes and the adoption of best practices by Governments, multilateral and bilateral organizations, and the private sector. Policy impact and replication, and the partnerships to support them, were critical to UNCDF success and all indicators showed progress.

Strategic area of support 4.2: Promote sound financial management of the organization and diversify the funding base.

Outcome 4.2.1: UNCDF will have become more efficient and cost-effective through improved tracking and analysis of its finances. [Satisfactory]

Indicators	Targets	Achievements
(a) UNCDF reports on costs such as technical, supervisory, evaluation, mission on a yearly basis.	FIM installed in UNCDF and options for supplementary reporting reviewed	FIM installed, options reviewed, and study on monitoring and evaluation costs undertaken [Partially achieved]
(b) Percentage of administrative costs.[a]	$5.4 million or 13.5 per cent	$5.6 million[b] or 14.7% (96%) [Satisfactory]
(c) Amount of savings.	$5 million	$12.8 million (142%) [Exceeded expectations]
(d) Changes made due to improved tracking.	Improved project budget planning and portfolio clean-up	Results-based budgeting introduced, $2.8 million savings due to portfolio clean-up [Satisfactory]

[a] *As compared with project expenditures.*

[b] *Figures available at time of writing report.*

62. UNCDF made significant progress, exceeding expectations, in cleaning up its portfolio, realizing savings in the process. Improvements in the analysis of project budgets were initiated and will continue in 2001. Obstacles in 2000 included a relatively inflexible input-based financial system, which has yet to meet UNCDF reporting needs. Administrative costs as reported are somewhat deceptive because they do not separate technical costs, such as salaries of technical advisors, from standard administrative support costs. Furthermore, UNCDF in 2000 assumed previous UNDP contribution to SUM administrative budget. Such factors place a premium on Fund efficiency and the need for improved tracking in 2001.

Strategic area of support 4.2: Promote sound financial management of the organization and diversify the funding base.

Outcome 4.2.2: UNCDF will have developed a culture of resource mobilization based on measurable performance, efficiency and value for money. [Partially achieved]

Indicators	Targets	Achievements
(a) All staff have a role in resource mobilization.	Donor database developed and strategy finalized	Resource mobilization information system established and strategy being finalized [Satisfactory]
(b) Percentage of increase in non-core funding.	$5 million or a 127% increase	$3.8 million[a] or a 72% increase (57%) [Partially achieved]

[a] *Figures available at time of writing the report.*

63. The challenge of attracting required funds transformed the role UNCDF staff must play in mobilizing resources. A new organizational culture, supported by user-friendly information systems and resource mobilization policies, emerged in 2000. This positive development is tempered, however, by the ever-growing UNCDF need for funds.

Outcome 4.2.3: UNCDF will have diversified its resource base and increased the number of donors. [Partially achieved]

Indicator	Target	Achievement
Percentage cent of increase in core funding.		
(a) Donors	16	18 (113%)
(b) Contributions	$25 million	$24.7 million (99%)[a]
(c) Core[b]	$38 million	$30.3 million (80%) [Partially achieved]

[a] *Figures available at time of writing the report.*

[b] *Core resources are the total of donor contributions and interest generated from miscellaneous income.*

64. UNCDF dependence on relatively few major contributors was a concern of the external evaluation: the withdrawal of even one donor could dramatically affect the organization's finances. With this in mind, the Fund sought to increase donors both from the North (to add funds) and from the South (to demonstrate ownership). While donors from the North increased from 9 to 11 and donors from the South went from 6 to 7, contributions declined from $27.3 million in 1999 to $24.7 million in 2000. This is partially due to the strong US dollar. Although some donors increased their local currency contributions to the Fund, the overall UNCDF financial picture did not improve in 2000, with net dollar decreases in contributions and core funding (from $33.7 million in 1999 to $30.3 million in year 2000).

III. Lessons learned in results-based management

65. Two retreats and a staff questionnaire in February 2001 revealed the following lessons: (a) the SRF/ROAR exercise increased staff understanding of the organization and improved project planning and monitoring at the field level; (b) the exercise was time-consuming; (c) most programmes and projects provided their outcomes, indicators and targets for 2000 between September and November 2000, which may have distorted rates of achievement upwards; (d) the SRF outcomes and their indicators were appreciated, although some revisions are required to reflect better the Fund's ongoing programming; (e) all submissions from the field required several rounds of feedback before finalization; (f) most staff need training to improve their input into the process; and (g) the emphasis on quantitative indicators by most projects, and poor planning by others, underscored the need to strengthen planning, monitoring and reporting at the project level.

66. The staff feedback suggested that UNCDF is on track in pursuing results-based management and that the SRF was an appropriate instrument to monitor the organization's performance. This was, however, the first year and the Fund must improve the process for 2001. Based on the aforementioned lessons, several actions have been and will be taken:

(a) A working group was established to revise the SRF 2000-2003, particularly for sub-goal 3. The group also improved the ROAR guidelines accordingly for redistribution to staff in April 2001;

(b) Training is proposed as follows: (a) develop a user-friendly compact disc that covers planning and evaluation, including the ROAR guidelines, with templates and examples; (b) hold a follow-up workshop on the results of the ROAR and actions to take; and (c) hold three regional training workshops on results-based management, including project planning and monitoring and evaluation.

Annex. Methodology

SRF preparation

1. The methodology used for the SRF 2000-2003 included staff training and documentation in the form of the SRF guidelines and the framework. Most staff had been familiar with this approach since September 1998, as of when all new UNCDF project documents were required to include a logical framework. While UNCDF works mainly in local governance and microfinance, some older, ongoing projects do not reflect current UNCDF priorities. Incorporating these projects into the SRF was not always easy. It is important to note that UNCDF does not have a separate sub-goal for gender-related issues. Rather, UNCDF incorporates gender issues into all sub-goals and collects gender-disaggregated data for all relevant indicators.

2. The UNCDF mandate guided the preparation of the SRF, as did the need to:

(a) Clearly define the corporate goal, sub-goals, and strategic areas of support;

(b) Limit the number of goals and sub-goals to present the UNCDF focus accurately;

(c) Closely reflect ongoing programmes and projects to minimize additional reporting demands on the field;

(d) Carefully select situational indicators that capture the broader development changes in key UNCDF programming areas, and outcome indicators that demonstrate UNCDF performance while addressing attribution.

As in the logical framework process, responsibility for attaining results or outputs is vested in programmes and projects. Successful completion of objectives can depend on factors outside project control. The same holds true for the outputs and outcomes in the SRF. UNCDF is responsible for obtaining outputs that should then contribute towards achieving the outcomes.

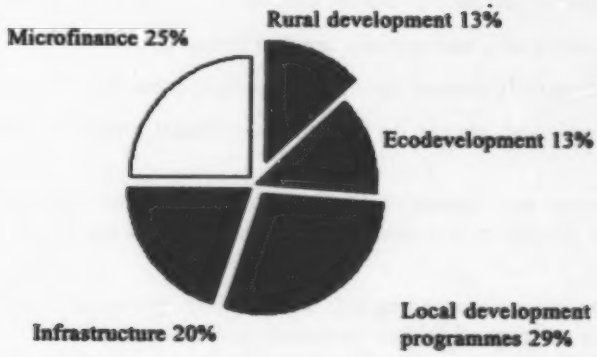
3. In its decision 2000/15 of 23 June 2000, the Executive Board took note of the UNCDF SRF (contained in document DP/2000/CRP.10). Following that decision, programmes and projects were to identify outcomes, indicators, baselines and targets by August 2000 in the form of target tables. For many projects the work plans were used as the source of 2000 targets; for others targets were defined for this deadline and, where relevant baselines were included. The implementation rate of activities varies widely owing to the pioneering nature of UNCDF projects; nevertheless, the Fund set an ambitious minimum for success at 75 per cent of target completion. Reports were to be submitted only for those projects with more than five months of activity in 2000. The graphs below summarize the origin and types of projects for which reporting was submitted. UNCDF has a total portfolio of 126 programmes and projects, of which a small number are being closed as part of the portfolio consolidation. Of the 50 projects that met the criteria for reporting, target tables were provided for 45 (90 per cent). Capacity issues—such as Programme Officer vacancies at reporting time—were cited as the main cause for failure to report. UNCDF has many more than 50 ongoing programmes and projects but in most of the others, there was insufficient activity for three reasons: they were just beginning, they had delayed implementation, or they were ending. UNCDF will take appropriate action to improve reporting on all its projects for the next ROAR.

Data collection and analysis

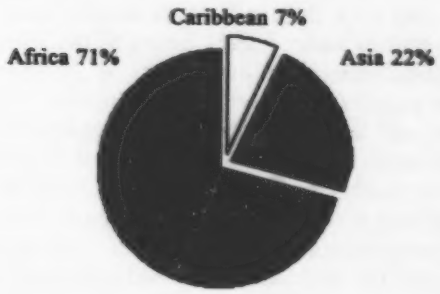
4. By January 2001, UNCDF programme officers had verified the target tables in the field and programme managers and technical advisors had screened them for accuracy at headquarters. This was done under the overall supervision of senior management.

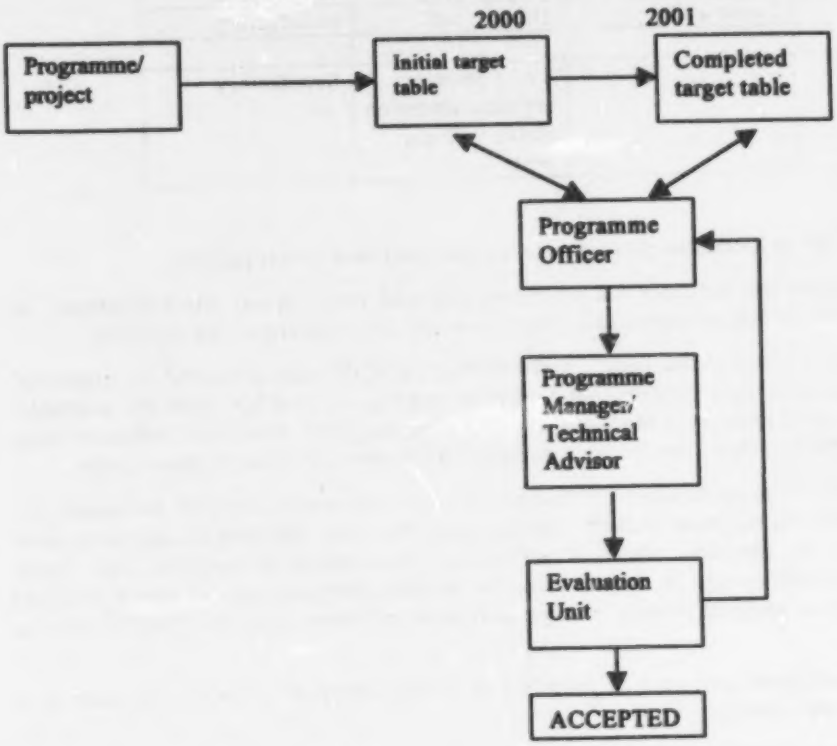
5. The flow chart below shows the process for preparing, reviewing and approving the target tables.

Reporting projects by thematic area



Reporting projects by geographic area





6. The categories for target achievement rates were defined as follows:

Over 100%:	Exceeded targets
75%-100%:	Satisfactory
50%-74%:	Partially achieved
Below 50%:	Below expectations

7. Assessing the rate of achievement using common indicators allowed the Fund to compare projects that reported on outcomes measured at different levels. For example, for indicator 1.1.1a on participatory needs assessments achievement rates could be used to correlate projects whether reporting was on the number of villages which held assessments on the number of communes where villages held assessments.

8. Following this assessment, UNCDF determined the number of projects within categories. Dividing the total number of projects judged "Satisfactory" and "Exceeded targets" by the total number of projects which tracked a given indicator gave an overall average for that indicator. The table below provides an example:

PROJECT	TARGET	ACHIEVEMENT	PERCENTAGE	CATEGORY
Project 1	100 villages	80 villages	80 per cent	Satisfactory
Project 2	50 communes	25 communes	50 per cent	Partially ...
Project 3	200 villages	210 villages	105 per cent	Exceeded ...
Project 4	2 districts	2 districts	100 per cent	Satisfactory
Overall assessment of indicator			3 of 4 projects are satisfactory or above = 75 per cent	Satisfactory

9. This methodology enabled UNCDF to determine performance for each indicator across projects.

10. UNCDF reviewed its performance per indicator and combined this with other reports and evaluations. A "satisfactory" assessment meant UNCDF had progressed acceptably towards achievement of that outcome.

11. Each sub-goal was analysed to determine the Fund's performance. UNCDF also measured 10 situational indicators—not by collecting situational data directly, but rather by relying on credible, publicly available, national and regional statistics. Because there were few such statistics covering 2000, situational indicators were not used for analytical purposes in the present report, but may be factored into trend analysis in future years.

12. Although relatively small UNCDF projects can only marginally affect national situational indicators, the Fund makes significant improvements in the local context. Furthermore, the Fund validates its approach when donors or Governments replicate its projects, where it influences decentralization policies, and when microfinance institutions become viable enough to access financial markets independently of donor funding. Therefore sub-goal and goal analysis weighed review of outcomes and indicators and the UNCDF role in replication and policy promotion.

13. Analysis of indicators identified those that must be modified or simply dropped. This will be done in a separate exercise in time for 2001 target-setting.

14. The ROAR was prepared in a consultative manner with a high degree of staff involvement. This was particularly important since the data and analysis of the report will fuel operational decision-making. Consultation also gave the staff more ownership of the process. Two staff retreats in February 2001 reviewed initial data by indicator. Report drafts were then shared weekly with all staff for review and comment. Selected staff provided field perspective for the review.

Data validation

15. The staff retreats identified a few projects as problematic. UNCDF also compared external project evaluation conclusions covering operations in 2000 with the target tables of those projects. Nine comparisons were undertaken (equivalent to 20 per cent of the overall number of target tables).

16. Data validation efforts indicated that reporting did not consistently match reality in the field, as observed during staff technical missions. Comparison of target tables to external evaluation reports, however, showed that only one project out of nine was inconsistent (on three indicators). Consequently, as pointed out in the section on lessons learned, some achievements described below may look more positive in the 2000 ROAR than they might ultimately appear in 2001, when improved monitoring and reporting at the project level are in place.

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Financial resources

Status of regular funding commitments to UNDP and its associated funds and programmes for 2001 and onward

I. Introduction

1. UNDP and its associated funds and programmes are making significant progress in organizational reform, results-based management and in enhancing overall development impact and effectiveness. In its decision 2001/7, the Executive Board took note of the update on the Business Plans, 2000-2003, which, together with the introduction of the multi-year funding framework (MYFF) and results-based methodologies such as the results-oriented annual report (ROAR), form the lynchpin of the efforts for the overall reform of the organization. Significant progress has been made to mainstream results-based management and to realign applied policy and substantive capacity. Furthermore, the implementation of management actions outlined in the Business Plans is fully on track, with additional steps being taken to accelerate the change process by strengthening individual performance.

2. At the same time, attention must continue to be placed on the regular (formerly known as "core") funding situation, which remains critical. Mobilizing an adequate level of regular resources to maximize the unique impact that a strong, multilateral United Nations development presence can have remains a top priority. During the course of 2000, the Administrator continued to highlight the critical regular resource situation of UNDP and its associated funds and programmes. He stressed that the funding crisis was not simply about UNDP but about the United Nations as a whole and its role in development, highlighting the impact of the funding situation on UNDP programmes across the world, in particular in Africa. The Administrator emphasized the urgency of rebuilding broader political support both for the role of the United Nations in development and for the role of UNDP. The Ministerial Meeting on UNDP was convened on 11 September 2000, with a view to securing full engagement of Ministers in generating the political will needed to rebuild the resource base of the organization. At the Meeting, Ministers expressed widespread endorsement of the new direction of UNDP and of its unique legitimacy and

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expertise in contributing to the development targets endorsed by the Millennium Summit, in particular the overarching goal of halving poverty by 2015. At the third regular session of the Executive Board in September 2000, the Administrator noted the importance of the Ministerial Meeting in providing a renewed climate of political support for UNDP, the critical foundation for its work that had been lacking in recent years.

3. For UNDP to reap the dividends of this renewed support, the success of the first UNDP Ministerial Meeting must be built upon in a dynamic manner. A process is required that facilitates continued joint action among Ministers in rebuilding political and financial support for a strong role for the United Nations in development and for UNDP in particular, as a key and vital complement to the MYFF. The outcome of the Meeting and associated follow-up was reviewed at the first regular session of the Executive Board in January 2001 and in its decision 2001/7, the Board took note of the report on the follow-up. Issues discussed included actions at the national, regional and international levels to ensure that the profile of UNDP and the importance of adequate funding for the United Nations in development are more consistently reviewed at ministerial levels, with the objective of enhancing political and financial support.

4. The issue of restoring growth and enhanced predictability to the regular funding base of United Nations development activities has been discussed widely, including in the context of the Administrative Committee on Coordination (ACC) and in pursuance of Executive Board decision 99/24, in preparation for the interactions of the Secretary-General with world leaders, including with major donors who are members of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC). In the context of the 2001 triennial comprehensive policy review, the Secretary-General will report through the Economic and Social Council to the General Assembly on progress in implementation of the MYFF as part of ongoing efforts to strengthen strategic resource management in the funds and programmes and to reverse the declining trend in core resources (Economic and Social Council resolution 2000/19).

II. Background

5. Through its decisions 98/23, 99/1 and 99/23, the Executive Board has put in place a funding system for UNDP designed to generate a transparent dialogue on regular funding and to facilitate greater volume and enhanced predictability. Through these decisions, the Executive Board adopted an annual funding target of $1.1 billion and stressed the urgent need to achieve annual increases until the target is met. The Board reaffirmed the need to reverse the downward trend in core resources and to establish a mechanism to place UNDP core funding on a predictable basis. In this context, UNDP was requested to develop the multi-year funding framework, which integrates programme objectives, resources, budget and outcomes with the objective of increasing regular resources. In its legislation, the Board also recognized that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and therefore urged all countries in a position to do so to increase their core contributions. In its decision 99/1, the Board took note of the MYFF, in its decision 2000/15 commended the Administrator and his staff for the efforts made in preparing the results-oriented annual report, and in its decision 2000/24, took note of the report on the updated

allocation of resources and revised MYFF. The second results-oriented annual report is submitted to the Executive Board at its current session. The MYFF provides the key tool by which to respond to programme country needs in a flexible manner, based on the concept of collective ownership and partnership, and in a fully coherent manner, regardless of funding source. The MYFF acknowledges the importance of a sustained increase in the level of regular resources as a key constituent of the character and operations of multilateral organizations. Demonstrating clear results through the ROAR provides an important additional stimulus to mobilize regular resources in capitals.

6. In accordance with decision 99/1, the first and second annual funding meetings were held during the second regular session in April 1999 and April 2000. In its decision 2000/17, the Executive Board decided to reduce the number of its regular sessions, from three to two; the third annual funding meeting for UNDP and its associated funds and programmes will, therefore, take place during the current session.

7. During 2000, UNCDF consolidated its results-based management approach through the establishment of the strategic results framework (SRF), of which the Executive Board took note in its decision 2000/10. The Executive Board is considering the Fund's first ROAR (DP/2001/17) at its current session. The ROAR has provided UNCDF with lessons for improving the results-based management process in preparation for the second ROAR. It also shows that UNCDF has had some good results with regard to resource mobilization efforts; nevertheless, the Fund remains concerned that resources will not be sufficient to meet the demand of programme countries for its micro-finance and local governance services. Accordingly, the mobilization of resources will be given high priority in 2001-2002.

8. In its decision 2000/7, the Executive Board noted the results achieved by UNIFEM in its first Strategy and Business Plan 1997-1999 and endorsed the programme, strategies and targets of the UNIFEM Strategy and Business Plan 2000-2003. In the same decision, the Board recommended that UNIFEM be included among those agencies that can execute programmes for UNDP. Since this decision, UNIFEM and UNDP have been working closely to identify programmes that UNIFEM can execute, in its areas of comparative advantage, and plans are under way to make UNIFEM expertise available for projects in Burundi and India as well as to provide regular policy advice through SPPD arrangements to a number of programme countries.

9. The report on UNV (DP/2000/24), submitted to the Executive Board at its annual session 2000, highlighted the continued growth of the UNV programme and was noted with appreciation by the Board. In particular, delegations commended the adoption of the UNDP SRF as the instrument to present the areas, outcomes and results to which the UNV programme and UNV volunteers contribute. The year 2000 marked the fourth successive year of growth, with some 4,800 UNV volunteers carrying out close to 5,200 UNV assignments. In financial terms, the magnitude of the Programme surpassed $100 million for the first time. Of this, some 5 per cent of programme activities were financed from the Special Voluntary Fund (SVF). Looking ahead, the opportunities identified in the context of the International Year of Volunteers and the anticipated contributions to the SVF for 2001 would indicate that the positive trends in the UNV delivery and programme resource base will continue.

III. Preparatory process

10. In January 2001, the secretariat wrote to all States members of UNDP to outline the preparatory process for the third annual funding meeting on UNDP and its associated funds and programmes, UNCDF, UNIFEM and UNV. In line with Executive Board decisions 98/23 and 99/1, reaffirmed in decisions 99/23 and 2000/1, members of the Programme were requested to communicate in writing their voluntary core contributions for each of the four funds and programmes and were encouraged to provide multi-year pledges and fixed payment schedules. As with the first two annual funding meetings in 1999 and 2000, members of the Programme were encouraged to address three of the five main elements of Executive Board decision 98/23: volume of regular resources; predictability; and measures to reduce financial dependence on a limited number of donors.

11. Specifically, members of the Programme were requested to communicate in writing to the secretariat, no later than 31 March 2001, but preferably as early as possible in the year:

(a) A firm funding commitment for the current year, 2001; for those in a position to do so, a firm contribution or indication of the contribution for the following year (2002); and a firm or tentative contribution for the third year (2003) if possible; and

(b) A schedule of payments based on one of the following: (i) early payment in full; (ii) quarterly payments at the beginning of each quarter; or (iii) twice-yearly payments at the beginning of each half-year.

12. Tables 1 and 2 have been prepared based on receipt of the above information. While several members of the Programme had communicated their firm 2001 contributions and, in some cases, their indicative contributions for 2002 and 2003, as well as their payment schedules, as of the time of preparing the present report, a number of members were not yet in a position to do so. Consequently, best estimates of 2001 contributions have been provided by the secretariat in some cases. It is important to bear in mind that all 2000 figures represent provisional data, and are subject to modification upon confirmation of actual income figures for the year. An updated version of the summary tabular presentation will be circulated as a conference room paper in advance of the annual session of the Executive Board in order to provide as up-to-date a picture as possible on progress towards achieving the key objectives of the legislation with respect to resources, outlined in decisions 98/23 and 99/1.

13. Table 1 forms the basis for the following summary presentation on total commitments and/or estimates for 2001 contributions to regular resources, preceded by actual income received from contributions to regular resources in 1999 and 2000, and indicative contributions to regular resources for 2002 and 2003 as a multi-year pledge if so communicated. Anticipated income for 2001 in United States dollars consists of: (a) actual payment according to the official United Nations exchange rate at the time the payment was made; and (b) the remaining balance based on the official United Nations exchange rate as of 1 May 2001. It should be noted that data presented for 2000 and before represent actual income received in the respective year, rather than amounts pledged for that year, which had been established practice prior to 1999. This is important for the transparency of the dialogue on funding, in

the spirit of the agreement with the Executive Board that the integrated resources framework constitutes an integral part of the MYFF.

14. *For the OECD/DAC donors*, table 1 shows the 2001contributions to regular resources committed by (or estimated for) each individual country for the current year in (a) local currency terms and (b) United States dollar equivalent according to the United Nations official exchange rate of 1 May 2001. In addition, as requested during the 1999 funding meeting and implemented in 2000, a column reflects per capita contributions in 2001.

15. *For programme countries*, table 1 reflects total pledges received for contributions to regular resources and for government contributions to local office costs (GLOC). All financial information is split into GLOC payments and net contributions to regular resources after the application of the accounting linkage. Final GLOC obligations are based on actual expenditures and not on ex ante budget estimates. Initial GLOC targets are made available to programme countries via country offices in May/June of each calendar year. In arriving at these targets, the in-kind contributions are taken into account. These initial targets are subject to retroactive adjustment and final GLOC targets are established in accordance with actual expenditures. As reconfirmed by the Executive Board in its decision 99/23, the collection of GLOC obligations, after in-kind contributions, is achieved through two distinct mechanisms: (a) direct cash contributions and (b) the application of the accounting linkage to voluntary contributions, whereby voluntary contributions from programme countries are first accounted for against the local office costs obligations based on the final GLOC target. Local office costs obligations of net contributor countries are in principle covered through the Other resources budget line of the individual countries.

16. Table 2 outlines the specific payment schedules for 2001 contributions to regular resources for those contributing countries that provided such a schedule to the secretariat on or before 31 March 2001. Fixed payment schedules permit the organization to establish a known United States dollar value to its contributions for stability and programme planning purposes through the use of financial instruments that ensure in advance a fixed United States dollar amount for the conversion of non-United States dollar contributions. The contractual nature of these financial instruments requires that settlements be effected at the contract dates, hence the critical importance of reliable amounts and strict adherence to payment schedules. All members are encouraged to adhere to their schedule as communicated, in terms of currency and timing of payments.

17. Table 3 shows in-kind contributions provided by programme countries for 1999 and 2000.

IV. Volume

18. According to provisional data for 2000, total net income for the year was $634 million, some $47 million below the net income figure of $681 million recorded for 1999. Current estimates for the gross contributions to regular resources for 2001, using the United Nations official exchange rate of 1 May 2001, are just over $670 million, a projected increase of 6 per cent over the level of regular resources in 2000.

19. The shortfall in 2000 came about even though 11 OECD/DAC donor countries increased their contributions in local currency terms, four of which increased their contributions by over 20 per cent. In demonstration of their strong commitment to rebuilding the political will for UNDP and its resource base, four OECD/DAC donors announced additional contributions to regular resources for 2000 at or after the Ministerial Meeting. The reasons for the shortfall in provisional net 2000 income included the reduction in the contribution levels of three OECD/DAC donors, including substantial decreases by two donors that together had represented 15.8 per cent of the UNDP resource base in 1999; delayed or partial payments by a number of OECD/DAC donors and non-payment of 2000 pledges during the calendar year on the part of two donors. In addition, the exchange rate was a significant factor, particularly the continued strength of the United States dollar, which throughout 2000 appreciated against most currencies, including the major European currencies that constitute over two thirds of the UNDP current regular resource income base. On a very positive note, 36 programme countries were able to contribute to UNDP regular resources in 2000, including 11 that increased their contribution from the previous year and 18 that commenced or resumed payments.

20. The projected gross income figures for 2001 do not do justice to the very positive increase in commitments to UNDP regular resources made by 20 countries in 2001. According to current projections for 2001, it is expected that as many as 14 OECD/DAC donors will increase their contributions to regular resources in local currency terms in 2001 and that only one DAC donor will reduce its contribution during the year. Half of that group of donors is expected to increase by 10 per cent or more, with two donors increasing their contributions by over 36 per cent and 43 per cent respectively. That same political commitment to an enhanced regular resource base for UNDP is again reflected by the fact that some 30 programme countries have pledged contributions to the regular resource base of the organization, often despite considerable internal constraints. Developments in the volume of contributions to regular resources are encouraging, given that most donors have either resumed a growth path, and/or sustained their growth in contributions for the second and third consecutive year. This reflects a sustained commitment to the rebuilding of the regular resource base of the organization.

21. Recent trends have shown a significant increase in other ("non-core") resource contributions to UNDP. In 2000, third party co-financing contributions to UNDP amounted to some $475 million in actual income received, bringing the total of voluntary contributions to regular resources and third party co-financing to over $1.1 billion; virtually all OECD/DAC donors are now active in co-financing UNDP programmes, including the financing of thematic areas. Programme country cost-sharing, channelled through UNDP by programme country Governments in support of their own development programmes, amounted to just over $900 million in actual income received. Other resources represent an important complement to the regular resource base, permitting an extension of the impact of the programmes and fostering partnerships with a range of actors, including the European Commission, regional development banks, the World Bank and the private sector. The ability of UNDP to mobilize such resources depends on it having an adequate, secure multilateral base from which to provide its proven development expertise. The aggregate income figure for 2000 of $2.2 billion (including funds from other sources) masks the serious situation that UNDP is facing in its regular resource base since regular and other resources are not interchangeable; other resources represent

earmarked contributions to specific themes, programmes and activities, and tend to be geographically concentrated.

22. *For UNCDF*, total gross income in 2000 was $24.8 million. Several factors have contributed to the weakening of UNCDF regular resources over the last decade: a reduction in the number of countries contributing, a decrease in the number of countries contributing more than $1 million per annum, and the strength of the United States dollar in relation to other currencies. This last factor has been critical. For example, total contributions from OECD/DAC donors would have been some 40 per cent higher in dollar terms had January 1996 exchange rates prevailed. UNCDF expects a modest increase in core resources, to $30 million, in the forthcoming three years, as well as an increase in non-core funding from $2.9 million to $10 million. The Fund seeks to obtain these results through pro-active North/South outreach over the next two years, as detailed in its Business Plan 2001-2002.

23. *For UNIFEM*, according to provisional data for 2000, total gross regular resource income for the year increased from $16.8 million in 1999 to $19.1 million in 2000, representing an overall increase of 13 per cent. Current estimates for the regular resources for 2001 amount to $19.8 million. To enhance financial support for the increasing demand for its expertise, UNIFEM is pursuing multi-year cost-sharing arrangements with a number of donors and is strengthening its efforts to mobilize funds from other sources, including private foundations and individuals.

24. *For UNV*, a small proportion of UNV programme activities were financed from the Special Voluntary Fund. During recent years, contributions have remained at around $3 million per annum. Although small, the SVF is crucial in enabling UNV to initiate, as a partner in development, creative, pioneering activities in the field and to demonstrate the role that volunteerism and volunteers can play in social development. UNV now aims to attain a total of $10 million annually and to secure a one-time extra contribution since 2001 is the International Year for Volunteers and the thirtieth anniversary of UNV. In this regard, UNV is pleased that the SVF seems to be on firmer footing with some OECD/DAC donors resuming their contributions in 2001 and others pledging either to maintain or increase substantially their contributions.

25. A number of aspects indicate that the seven-year downward trend in UNDP regular (core) resources will be halted and that 2001 will mark the return to a path of growth in the regular resource base. The widespread endorsement at the Ministerial Meeting that the UNDP reform process is on the right track provided an important impetus to the process of rebuilding political will for the organization. This, coupled with the communication to the Executive Board and beyond to political leaders, of progress being made through the MYFF/ROAR process to demonstrate clear results, and through the implementation of the Business Plans, 2000-2003, to strengthen the organization and its performance, provides an important stimulus to resource mobilization in donor capitals, and is manifested in the large number of countries that have announced increases in contributions this year. Sustaining this as a dynamic process that ensures continued engagement of Ministers and their commitment to joint action to address the resource issue remains the lynchpin to the success of the Business Plans and the MYFF process in turning the UNDP resource position around and in rebuilding regular resources to agreed targets.

26. It is, furthermore, reasonable to expect that a higher level of contributions to regular resources than that indicated in table 1 will be forthcoming in 2001. While letters of commitment were received from a number of countries prior to finalization of the present document, estimates have been made for several contributing countries; there have also been indications that some donors may be in a position to make additional pledges and payments during the year. As further outlined below, this is particularly the case for many programme countries since their net core contributions are not known until after the application of the accounting linkage (see para. 15). It should be taken into consideration that the exchange rates used for this presentation are the official United Nations rates as of 1 May 2001. The strength of the United States dollar remains a major factor affecting the overall anticipated income. If the official United Nations exchange rates of 1 May 1999 were applied to the current estimated contributions for 2001 to regular resources in local currency, the United States dollar equivalent value would be $754 million, or 13 per cent higher than the current estimate.

V. Predictability

27. In order to enhance predictability, as outlined in Executive Board decision 98/23, and reaffirmed in decision 99/1, members are encouraged to provide multi-year pledges as follows: a firm funding commitment for the current year (2001); for those in a position to do so, a firm contribution or indication of the contribution for the following year (in this case, 2002); and a firm or tentative contribution for the third year (2003) where possible.

28. As a very clear sign of partnership and the commitment of Member States to a new and sustainable funding strategy for UNDP, in 2000 a total of 16 countries made indicative pledges for 2001 and four countries did so for 2002. At the time of writing, 16 countries had made indicative pledges for 2002 and nine countries for 2003. Countries making multi-year pledges include nine programme countries and eight OECD/DAC donors. In all cases, the amount indicatively pledged for 2002 and 2003 is at least at the same level as that of 2001 (subject to government or parliamentary approval). Very significantly, at least three countries have set a clear precedent in 2000 and 2001 of using the multi-year commitments previously communicated as a floor from which to make increases in subsequent years. A number of Member States that are unable to provide a multi-year pledge formally, because of national legislative and other restrictions, have nevertheless provided the Programme with indicative amounts for forthcoming years, in recognition of the value of this in terms of financial predictability. It is very much hoped that those countries that have not yet announced their 2001 contributions will also be in a position to give an indication of commitments for future years wherever possible.

29. In addition to providing for multi-year pledges, the Executive Board determined in its decision 98/23 that the predictability of core resources could be further enhanced if Member States announced specific payment schedules, with early payment encouraged. In paragraph 12 (b) (iii) of its decision 98/23, the Board decided, inter alia, to review at the funding meeting the timing of payments made in the previous calendar year.

30. In 2000, 19 countries provided fixed payment schedules. While 15 major donors announced specific payment schedules for their 2000 voluntary contributions

to UNDP, the cash flow of voluntary contributions from major donors in 2000 did not keep pace with that of 1999, which had in itself been sub-optimal. By the beginning of December 2000, 20 per cent of contributions pledged in 2000 remained unpaid, versus 22 per cent of 1999 pledges and 2 per cent of 1998 pledges at the same point in 1999 and 1998 respectively. During 2000, the United States dollar retained its strength throughout the year; that trend has continued into 2001. UNDP was able to engage in hedging in 2000 for only a relatively small amount of the contributions anticipated in non-dollar denominated contributions, owing in part to a lack of definite information concerning amounts and/or payment schedules early in the year for several major contributors. Throughout 2000, UNDP experienced significant cash-flow problems due to irregular payments of contributions by some donors, necessitating significant utilization of the operational reserve throughout the year, with some $38 million drawn from the reserve at the end of November. The timeliness of payment of contributions is essential to avoid liquidity constraints and is a key factor for the achievement of the goal of greater predictability of income.

31. In recognition of the implications of payment performance for financial management and, eventually, programme delivery, the Executive Board, in its decision 2000/3, noted the serious impact of delayed payments on cash-flow management, and the importance of officially communicating regular resources contributions for 2000 as early in the year as possible. In the same decision, the Board expressed support for the recommendation of the Administrator for a comprehensive implementation of the elements of the UNDP funding strategy concerning the announcement of pledges and adherence to a fixed payment schedule. As noted above, in the preparatory process for the funding session, members were requested by the Secretariat, when communicating their pledges to regular resources, to indicate a schedule of payments based on one of the following: (a) early payment in full; (b) quarterly payments at the beginning of each quarter; or (c) twice-yearly payments at the beginning of each half-year.

32. Table 2 provides the details of specific payment schedules for 2001 contributions to regular resources for those contributing countries that provided such a schedule to the secretariat on or before 31 March 2001. The secretariat notes the very positive developments in terms of clear efforts made on the part of 17 OECD/DAC donors and three programme countries to announce payment schedules and the efforts being made to bring forward the timing of payments to deposit contributions earlier in the year. Member States that have not already done so are strongly encouraged to inform the secretariat of their intended payment schedules, including where possible, early payment. All members are encouraged to adhere to the same schedule in terms of currency and timing of payments.

33. On a very positive note, two OECD/DAC donors and six programme countries have assumed any exchange risk directly by making their pledge for 2001 in dollars.

VI. Reducing overdependence on a limited number of donors

34. Through its decisions 98/23 and 99/1, the Executive Board recognized that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and urged all donors and programme countries in a position to do so to increase their contributions to regular resources. In its decision 99/22, the Board recognized that for UNCDF, overdependence on a limited number

of donors carries risks for the long-term financial sustainability of the Fund, and invited all countries in a position to do so to make voluntary contributions to the Fund in order to secure adequate funding.

35. As indicated above, UNDP estimates that as many as 14 OECD/DAC countries will increase their contributions to UNDP regular resources in local currency terms in 2001, including increases of over 20 per cent in local currency terms by at least four countries. That being said, it is clear that there are a number of risks when there is a continued overdependence of a multilateral organization such as UNDP on a limited number of donors. In this context, progress is being made: it is currently estimated that the top 10 donors to UNDP will provide 82 per cent of the total 2001 regular resources of UNDP, as compared with 86 per cent in 2000. As requested during the first annual funding meeting and implemented in 2000, table 1 also provides the 2001 contributions to regular resources of the OECD/DAC donors in per capita terms (see paras. 12-17 for an explanation of the methodology). Taking this as the basis, the top contributors to UNDP in per capita terms (at least $1 per capita) are as follows: Norway, Denmark, Sweden, Netherlands, Switzerland, Finland, Luxembourg, Ireland and Belgium.

36. The Administrator has placed particular emphasis on reducing overdependence and on broadening the donor base. In addition to concerted efforts to reach out systematically to parliamentarians in the lead period, the organization of the Ministerial Meeting in September was designed precisely to extend outreach to and visibility among the key political decision-makers and to secure their engagement and commitment for common action to ensure that the resource base of the organization is rebuilt to agreed target levels. UNV continues its efforts to build a more diversified resource base and thereby reduce its dependence on a limited number of donors. As the contributions and achievements of the UNV programme and the UNV volunteers gain increasing recognition, so UNV anticipates that it will succeed in enlarging its resource base. UNIFEM continues its efforts to further diversify its resource base in order to reduce dependence on a limited number of donors. The top 10 donors to UNIFEM contributed 86 per cent in 2000 compared with 88 per cent in 1999. UNCDF expanded its donor base by two new OECD/DAC donors in 2000 and has obtained commitment from three additional OECD/DAC donors in 2001.

37. It is important to note that programme countries contribute to reducing overdependence in several important ways. In addition to providing substantial amounts of cost-sharing resources to UNDP programmes in their respective countries, programme country Governments also provide UNDP with: (a) contributions to UNDP regular resources; (b) government cash contributions towards local office costs; and (c) government in-kind contributions, e.g. the provision of rent-free office premises.

38. The total amount of regular resource contributions from programme countries after the application of the accounting linkage to GLOC has increased in the last four years: from $18.1 million in 1996 to $18.6 million for 2000, in spite of the strong United States dollar in relation to many of these currencies. (All figures for 2000 should be treated as provisional, pending confirmation of final regular income figures for 1999 and the effecting of the final accounting linkages in relation to GLOC payments.)

39. While 2001 contributions to UNDP regular resources for several programme countries are not yet confirmed, it is estimated that the total amount will increase this year to approximately $26 million, demonstrating the commitment of programme countries to their partnership with UNDP.

VII. Conclusions

40. A number of aspects indicate that the downward trend in contributions to regular resources will be halted in 2001 and the regular resource base will return to a path of growth. Particularly notable is the sustained effort on the part of the majority of OECD/DAC donors to provide annual increases in local currency terms consistently since the introduction of the MYFF and the core-funding strategy. The MYFF provides the key instrument for reporting on results and mobilizing resources in response to country demand.

41. Significant efforts were made in 2000 to reduce the overdependence of UNDP on a limited number of donors and to extend its outreach to and visibility among key political decision makers. Of particular note in this regard was the holding of the first ever Ministerial Meeting on UNDP, which brought together Ministers and representatives from 65 countries to discuss rebuilding political and financial support, both for the role of the United Nations in development and for the role of UNDP.

42. The widespread endorsement at the Ministerial Meeting that the UNDP reform process is on the right track is providing an important impetus to the process of rebuilding political will for the organization. This, coupled with the communication to the Executive Board and beyond, to political leaders, of progress being made through the MYFF/ROAR process to demonstrate clear results, and through implementation of the Business Plans, 2000-2003, to strengthen the organization and its performance, has provided important stimulus to resource mobilization in donor capitals. Sustaining this as a dynamic process that ensures continued engagement of Ministers and their commitment to joint action to address the resource issue remains the lynchpin to the success of the Business Plans and the MYFF process in turning the UNDP resource position around in a sustainable manner and in rebuilding the regular resources to agreed targets.

43. While recent trends have shown a significant increase in other ("non-core") resource contributions to UNDP, regular and other resources are not interchangeable. The ability of UNDP to fulfil its mandate and to mobilize other resources depends on it having an adequate, secure regular funding base that guarantees its multilateral, impartial and universal character. The Administrator remains firm in his belief that regular contributions remain the bedrock of UNDP and that putting the regular resource base back on a path of sustainable growth to meet agreed targets remains the top priority.

44. Against this background, the Executive Board may wish to request all countries that have not yet done so, to provide contributions to regular resources for 2001, and for those that already made their contributions, to consider, if they are in a position to do so, supplementing their 2001 contributions, so as to accelerate the rebuilding of regular resource base of UNDP.

45. Notwithstanding the very positive signs of increased political support, the situation remains very critical. Continued commitment to joint action is required to increase the regular resource base to levels that guarantee the sustainability of the organization as the key global platform for the development activities for the United Nations.

Table 1(a). Commitments to UNDP regular resources, 2001-2003 and income to UNDP regular resources and government local office costs, 1999-2000 a/ (In local currency and US dollars, based on United Nations exchange rates as of 1 May 2001)

1A. DAC/DAC members	1999 income received			2000 income received			2001 pledges and/or anticipated income				Voluntary contributions per capita b/ ($)	2002 pledges		2003 pledges	
	Local currency (in millions)	$	share of total core contributions	Local currency (in millions)	$	change in local currency	Local currency (in millions)	$	change in local currency	change in $		Local currency (in millions)	$	Local currency (in millions)	$
Australia	8 8	4,429,874	0 9%	7 5	4,000,000	10 0%	7 5 *	3,800,663	0 0%	-4 9%	0 20				
Austria	101 3	7,989,384	1 2%	76 8	5,431,222	-24 2%	72 3 d/	4,706,176	-32 1%	-13 4%	0 58				
Belgium			0 0%	464 2	11,988,043		988 0 d/	22,379,752	0 0%		1 01	464 0	10,297,460	464 0	10,297,460
Canada	41 3	27,390,993	4 0%	42 3	29,081,091	2 4%	42 3	28,842,875	0 0%	-0 7%	0 96	42 3	27,290,323	42 3	27,290,323
Denmark	420 0	57,624,012	8 8%	420 0	60,166,332	0 0%	420 0	60,366,712	0 0%	0 4%	0 80				
Finland	80 0	11,447,348	1 7%	73 0	11,466,894	12 3%	73 0 e/	10,991,991	0 0%	-4 1%	2 11	73 0 *	10,991,991		
France	100 0	16,398,244	2 4%	100 0	16,797,869	29 0%	100 0 *	14,399,999	0 0%	-3 2%	0 24				
Germany	80 0	40,496,899	6 0%	42 5	20,062,462	-60 0%	47 0	21,725,336	10 0%	8 3%	0 26				
Greece	70	280,798	0 0%	140	389,849	0 0%	70 0 *	169,911	0 0%	0 0%					
Ireland	2 80	3,460,739	0 5%	3 4	4,141,291	24 0%	4 86	5,880,136	42 9%	38 7%	1 65	7 0	7,867,177	10 0	11,267,396
Italy	22,880 0	11,885,016	1 7%	26,000 0	12,410,264	16 2%	29,000 0	13,406,462	11 5%	8 0%	0 23	29,000 0	13,406,462		
Japan		80,000,000	11 7%		100,000,000	29 0%		96,000,000		-4 0% f/	0 76				
Luxembourg	24 0	636,267	0 1%	30 0	866,330	29 0%	33 0	732,382	10 0%	8 2%	1 74				
Netherlands	168 0	75,189,105	11 0%	180 0	86,819,505	3 2%	186 0	86,823,748	3 1%	1 4%	4 29				
New Zealand	4 4	2,422,328	0 4%	4 4	2,072,988	0 0%	8 0	2,820,087	36 4%	36 4%	0 88	8 0	2,472,188		
Norway	580 0	70,783,421	10 4%	580	66,811,210	1 8%	620 0	66,816,803	10 7%	4 1%	15 87				
Portugal	-	1,200,000	0 2%		800,000			3,380,000 g/		10 0%	0 16				
Spain	841 00	5,308,361	0 8%	380 00	1,980,818		1,742 0 h/	9,372,899	10 0%		0 15				
Sweden	480 0	60,124,982	8 8%	530	58,474,280	8 2%	530 0 i/	53,799,938	0 0%	-8 0%	6 04				
Switzerland	52 0	33,798,234	5 0%	52 0	31,618,182	0 0%	52 0	30,232,868	0 0%	-4 1%	4 29	52 0	30,232,868	52 0	30,232,868
United Kingdom	36 0	56,834,304	8 3%	36 0	53,140,087	0 0%	36 0	50,724,638	0 0%	-4 5%	0 86	36 0	50,724,638		
United States	-	56,834,337	13 0%		71,886,791	-10 3%		87,091,000		8 9% j/	0 32				
Subtotal DAC		668,143,879	97 3%		618,840,888			643,721,366	4 7%						
Others		19,173,821	2 8%		18,999,307			26,304,663							
TOTAL UNDP		691,317,300	100 0%		633,840,870 k/			670,026,399	5 7%						

1A. Non-DAC															
Andorra		10,000	0 0%		21,000										
Cyprus			0 0%												
Holy See			0 0%												
Iceland	18,300,000	272,321	0 0%		210,345										
Israel															
Liechtenstein	20,000	14,184	0 0%	15,000	9,148										
Malta		29,000	0 0%		400										
Monaco	70,000	12,348	0 0%		10,000			10,000							
estimate non-DAC								240,000							
Subtotal non-DAC		356,891	0 0%		251,691			250,000							

* Based on UNDP best estimate. Written commitments were not available before the finalization of this table.
a/ Based on income received by UNDP in the respective calendar year rather than pledged contributions for that year.
b/ Based on actual or estimated pledges for 2001 using the 1999 population data from the World Bank.
c/ Includes Austria's 2001 pledge of ATS 50 0 million and the outstanding balance of ATS 22 32 million from its 1999 pledge. Austria's 2001 pledge of ATS 50 million is a decrease of 32 1 per cent from its 2000 pledge of ATS 73 6 million.
d/ Includes Belgium's 2000 and 2001 pledges of Bfrs. 464.2 million plus the additional Bfrs 60 million for 2000 that it announced at the end of 2000.
e/ Finland. 2001 estimated pledge represents a 7 4 per cent increase in local currency terms compared to its original 2000 pledge of FM 68 million, which was supplemented by an additional FM 5 million after the Ministerial Meeting.
f/ Japan. 2001 pledge represents an increase of 12 5 per cent based on comparison of the yen value of 2000 and 2001 pledges at April exchange rates of each year.
g/ Includes UNDP estimate of Portugal's 2001 pledge of $1 78 million (i e. 10 per cent increase over 2000) plus its outstanding payment of $1 6 million from its 2000 pledge. The amount received in 2000 relates to 1998 and 1999 balances on its pledge.
h/ Includes UNDP estimate of Spain's 2001 pledge of Pts. 1101 (i.e. 10 per cent increase over its 2000 pledge) plus the balance of Pts. 641 from its 2000 pledge.
i/ Sweden. 2001 pledge represents a 6 per cent increase in local currency terms compared to its original 2000 pledge of Skr 500 million, which was supplemented by an additional Skr. 30 million after the Ministerial Meeting.
j/ Percentage change is based on the US pledge of $80 0 million for 2000.
k/ Provisional.

Table 1(a) (continued)

1.a. Programme countries by region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total income $	Net core contribution $	GLOC payments $	Total income $	Net core contribution $	GLOC payments $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $
Africa												
Angola	385,337	0	385,337	372,528	0	372,528						
Benin	13,500	0	13,500	311,817	0	311,817						
Botswana	422,417	0	422,417	0	0	0						
Burkina Faso	0	0	0	44,460	(1)	44,461						
Burundi	9,205	1	9,204	6,885	0	6,885						
Cameroon	215,443	0	215,443	0	0	0						
Cape Verde		0	0		0	0						
Central African Republic	0	0	0	0	0	0						
Chad	138,570	0	138,570	0	0	0						
Comoros		0	0	31,483	0	31,483						
Congo	0	0	0	0	0	0						
Côte d'Ivoire	0	0	0	0	0	0						
Equatorial Guinea		0	0	282,869	0	282,869						
Ethiopia	150,137	1	150,136	152,736	(0)	152,736	144,928	7,128				
Gabon	171,750	1	171,750	0	0	0						
Gambia	5,105	0	5,105	0	0	0			6,000			
Ghana	121,700	80,000	41,700	0	0	0	60,000		60,000			
Guinea	0	0	0	0	0	0						
Kenya	0	0	0	0	0	0						
Lesotho	83,044	58,844	24,200	75,712	(37,092)	112,804						
Madagascar	61,962	0	61,962	47,743	0	47,743						
Malawi	0	0	0	331,291	0	331,291						
Mali	0	0	0	0	0	0						
Mauritania	0	0	0	0	0	0						
Mauritius	106,916	1	106,916	86,782	0	86,781						
Mozambique	0	0	0	1,000	0	1,000						
Namibia	0	0	0	70,721	0	70,721						
Nigeria	200,000	0	200,000	0	0	0	20,000		20,000		20,000	
Rwanda	14,928	0	14,928	0	0	0						
Sao Tome and Principe	33,487	0	33,487	29,936	0	29,936						
Senegal	0	0	0	0	0	0						
Seychelles	601	0	601	0	0	0						
Sierra Leone	0	0	0	0	0	0						
South Africa	151,686	0	151,686	144,377	0	144,377						
Swaziland	139,552	0	139,552	201,501	8,035	193,466						
Togo	0	0	0	28,549	0	28,549						
Uganda	359,813	0	359,813	7,524	0	7,524						
United Republic of Tanzania	263,725	0	263,725	22,659	0	22,659						
Zaire	0	0	0	0	0	0						
Zambia	358,047	5,190	352,857	56,338	0	56,338						
Zimbabwe	383,089	0	383,089	321,344	0	321,344						
Subtotal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia and the Pacific												
Bangladesh	622,281	292,861	329,400	20,427	0	20,427	400,000	20,423				
Bhutan	73,087	0	73,087	63,730	11,232	52,498	12,355		13,591			

1-b. Programme countries by region												
	Total income $	Net core contribution $	GLOC payments $	Total income $	Net core contribution $	GLOC payments $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $
Brunei Darussalam	0	0	0	0	0	0						
Cambodia	10,000	0	10,000	100,000	0	100,000	10,000					
China	3,305,212	3,000,000	305,212	3,101,106	2,654,191	446,916	3,000,000	302,444				
Cook Islands	112,523	0	112,523	72,776	0	72,776						
Democratic People's Republic of Korea	37,736	0	37,736	37,537	0	37,537		37,209		37,209		
Fiji	44,021	0	44,020	0	0	0	30,737					
Hong Kong, China	2,553	0	2,553	0	0	0						
India	4,427,188	4,300,788	126,400	4,625,095	4,386,823	238,272	4,500,000					
Indonesia	1,155,000	796,700	358,300	0	0	0						
Iran, Islamic Republic of	58,858	0	58,858	14,882	0	14,882						
Kiribati	0	0	0	0	0	0						
Lao People's Democratic Republic	0	0	0	118,926	0	118,926	21,188					
Malaysia	850,483	249,383	401,100	411,497	109,197	302,300	385,000					
Maldives	131,381	0	131,381	144,019	7,500	136,519	7,500					
Marshall Islands	0	0	0	0	0	0						
Micronesia (Federated States of)	0	0	0	26,886	3,086	26,800						
Mongolia	116,426	0	116,426	255,926	34,000	221,926	17,000					
Myanmar	5,387	1	5,386	10,487	0	10,487	1,800					
Nepal	254,410	80,000	174,410	137,703	0	137,703	80,000					
Niue	19,382	0	19,382	22,831	0	22,831						
Pakistan	693,046	405,146	287,900	736,436	468,137	268,300	442,320	252,439	442,320			
Palau	4,506	(0)	4,506	0	0	0						
Papua New Guinea	418,295	0	418,295	305,582	0	305,582						
Philippines	503,439	27,630	475,809	384,631	0	384,631						
Republic of Korea	2,464,384	1,467,784	996,600	2,378,843	1,890,843	488,000	2,000,000		2,000,000		2,000,000	
Samoa	121,449	0	121,449	158,582	6,000	152,582						
Singapore	300,000	300,000	0	300,000	300,000	0						
Solomon Islands	0	0	0	0	0	0						
Sri Lanka	0	0	0	2,088,880	2,026,080	43,800						
Thailand	1,284,420	325,820	958,600	1,273,457	348,557	924,900						
Tokelau	7,545	0	7,545	0	0	0						
Tonga	15,000	0	15,000	30,000	4,700	25,300						
Tuvalu		0	0	35,440	14,628	20,812						
Vanuatu	0	0	0	0	0	0						
Viet Nam	156,670	26,470	130,200	242,333	0	242,333						
Subtotal	16,994,691	11,272,572	5,722,000	17,992,810	12,200,778	4,917,636	10,907,545	612,515	2,435,911	37,209	2,000,000	0
ARAB STATES												
Algeria	229,972	1	229,972	100,000	0	100,000	100,000					
Bahrain	56,000	0	56,000	1,143,679	112,000	1,031,679						
Djibouti	0	0	0	0	0	0						
Egypt	440,558	151,258	289,300	623,294	386,083	237,211						
Iraq	0	0	0	0	0	0						
Jordan	779,661	420,961	358,700	509,887	223,787	286,100	269,774	240,113				
Kuwait	1,140,000	1,126,100	13,900	(0)	0	(0)						
Lebanon	0	0	0	500,000	0	500,000						
Libyan Arab Jamahiriya	403,587	0	403,587	218,242	0	218,242						

Table 1(a) (continued)

1A. Programme countries by region	[illegible] income received			[illegible] income received			2001 pledges received as of May 2001		[illegible] as of May 2001		[illegible] as of May 2001	
	Total income $	Net core contribution $	GLOC payments $	Total income $	Net core contribution $	GLOC payments $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $
Morocco	565,888	45,288	520,600	450,118	67,718	382,400		185,929				
Oman	0	0	0	0	0	0						
Qatar	0	0	0	77,802	0	77,802						
Saudi Arabia	2,000,000	1,940,700	59,300	2,000,000	2,000,000	0	2,000,000					
Syrian Arab Republic	140,838	1	140,838	187,083	(0)	187,084						
Tunisia	342,881	26,581	316,300	283,426	39,226	244,200	182,758	106,686				
United Arab Emirates	0	0	0	648,000	648,000	0						
Yemen	331,731	0	331,731	202,338	40,000	162,338						
Subtotal	6,431,116	3,710,869	2,720,229	6,943,868	3,916,814	3,426,868	2,982,962	522,729	0	0	0	0
[illegible] of Independent States												
Albania	0	0	0	0	0	0						
Armenia	24,485	0	24,485	0	0	0						
Azerbaijan			0			42,800						
Belarus	116,936	0	116,936	98,872	0	98,872						
Bulgaria	52,035	0	52,035	125,610	0	125,610	24,000					
Czech Republic	21,008	0	21,008	395,831	366,731	29,100	257,080	38,560	282,776	38,560	308,483	38,560
Estonia	94,230	0	94,230	70,039	0	70,039	17,770					
Former Yugoslav Republic of Macedonia		0	0	5,000	0	5,000						
Hungary	0	0	0	0	0	0						
Kazakhstan		0	0	120,000	0	120,000						
Kyrgyzstan		0	0	5,300	0	5,300						
Latvia	219,647	0	219,647	206,889	5,000	201,889						
Lithuania	0	0	0	55,500	0	55,500						
Poland	636,469	306,069	330,400	670,496	374,796	295,700	880,000	410,000				
Republic of Moldova	12,953	0	12,953	29,799	0	29,799						
Romania	82,771	0	82,770	99,033	18,863	80,170	21,428	85,711				
Russian Federation	900,000	323,500	576,500	525,453	0	525,453	450,000		450,000		450,000	
Slovakia		0	0	0	0	0		261,000		261,000		261,000
Slovenia	0	0	0	2,500	2,500	0	5,000					
Turkey	2,054,036	770,000	1,284,036	1,766,174	863,674	902,500	500,000					
Turkmenistan	5,000	0	5,000	5,200	5,200	0						
Ukraine	48,483	0	48,483	87,947	0	87,947						
Yugoslavia	0	0	0	0	0	0						
Subtotal	4,266,943	1,399,569	2,866,474	4,247,433	1,636,768	2,873,988	2,156,287	795,272	732,776	299,560	758,483	299,560
[illegible]												
Anguilla	34,300	0	34,300	32,350	0	32,350						
Antigua and Barbuda	0	0	0	24,265	0	24,265						
Argentina	400,802	0	400,802	0	0	0						
Aruba	0	0	0	0	0	0						
Bahamas	0	0	0	0	0	0						
Barbados	181,106	0	181,106	176,710	0	176,710						
Belize	50,505	0	50,505	25,253	0	25,253						
Bolivia	0	0	0	140,000	0	140,000						
Brazil	600,000	224,200	375,800	0	0	0						
British Virgin Islands	0	0	0	34,856	16,632	18,224						

1.a. Programme countries by region	[illegible]			[illegible]			[illegible]		[illegible]		[illegible]	
	Total income $	Net core contribution $	GLOC payments $	Total income $	Net core contribution $	GLOC payments $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $	Core Pledges $	GLOC pledges $
Caymen Islands	19,310	0	19,310	12,700	0	12,700						
Chile	300,874	0	300,874	2,244	0	2,244	200,000					
Colombia	801,242	185,542	615,700	517,514	41,414	476,100	450,000	200,000				
Costa Rica	345,712	1	345,711	351,879	1,978	349,701						
Cuba	1,552,754	1,352,754	200,000	1,552,754	1,352,754	200,000	1,352,754	200,000				
Dominica	23,100	0	23,100	23,000	0	23,000						
Dominican Republic	582,000	150,000	412,000	14,000	0	14,000						
Ecuador	0	0	0	480,612	0	480,612						
El Salvador	431,400	0	431,400	430,980	0	430,980						
Grenada	19,928	0	19,928	125,079	0	125,079						
Guatemala	108,232	0	108,232	0	0	0						
Guyana	70,590	34,821	35,769	43,330	0	43,330						
Haiti	279,357	0	279,357	0	0	0						
Honduras	13,946	0	13,946	113,844	0	113,844						
Jamaica	157,432	0	157,432	33,190	0	33,190						
Mexico	1,007,381	303,582	703,800	1,002,895	171,494	831,401						
Montserrat	23,400	0	23,400	23,220	0	23,220						
Netherlands Antilles	37,464	0	37,464	0	0	0						
Nicaragua	10,000	0	10,000	487,490	0	487,490						
Panama	200,000	0	200,000	98,500	(343,412)	441,912						
Paraguay	0	0	0	63,826	0	63,826						
Peru	0	0	0	0	0	0						
Saint Kitts and Nevis	53,000	0	53,000	94,900	0	94,900						
Saint Lucia	47,700	0	47,700	0	0	0						
Saint Vincent	0	0	0	28,137	0	28,137						
Suriname	0	0	0	0	0	0						
Trinidad and Tobago	144,475	2	144,473	1,613	(0)	1,613						
Turks and Caicos	64,630	0	64,630	43,070	0	43,070						
Uruguay	526,000	61,800	464,200	50,000	0	50,000						
Venezuela	0	0	0	534,081	13,281	520,800						
Subtotal	8,998,682	2,312,701	6,751,948	8,994,982	1,258,121	8,399,931	2,002,754	400,000	0	0	0	0
Other	17					18,988	45,200,000					
Total all regions	38,141,999	18,836,771	20,686,305	37,486,216	18,643,816	18,904,902	26,063,382	2,347,643	3,274,887	338,770	2,778,483	209,000

* based on UNDP best estimates for those programme countries that were not in a position to convey their pledges

Table 1 (b). Commitments to UNCDF regular resources, 2001-2003 and income received, 1999-2000 In local currency and US dollars, based on UN exchange rates as of 1 May 2001

OECD/DAC members	1999 income received			2000 income received			2001 pledges/				2002 pledges		2003 pledges	
	Local currency	$	share of total core contribution	Local currency	$	share of total core contribution	Local Currency	$	change in local currency	change in US dollar	Local Currency	$	Local Currency	$
Austria		43,080	0.16%				600,000	39,036						
Belgium b/	30,000,000	794,530	2.9%	1,200,000	418,386	1.7%								
Canada						0.0%	120,000	77,419						
Denmark	55,000,000	7,538,891	27.5%	55,000,000	6,654,289	27.8%	55,000,000	6,516,588	0.0%	-2.1%				
Finland					110,542	0.5%								
France	8,000,000	1,276,714	4.7%	8,000,000	1,060,242	4.5%								
Ireland				150,000	182,704	0.8%	250,000	284,185	66.7%	55.5%				
Japan	166,172,000	1,262,000	4.7%		1,000,000	4.2%		1,000,000		0.0%				
Netherlands	15,000,000	7,327,143	26.8%	15,000,000	6,266,381	26.1%	16,000,000	6,499,996	6.7%	3.7%				
New Zealand		184,308	0.7%	350,000	173,267	0.7%	360,000	153,750	0.0%	-11.3%	360,000	153,750	350,000	153,750
Norway	30,000,000	3,882,445	14.2%	29,000,000	3,489,529	14.6%	30,000,000	3,298,703	3.4%	-5.5%				
Sweden	42,000,000	4,088,807	18.2%	42,000,000	4,539,906	18.9%	50,000,000	4,940,711	19.0%	8.8%				
Switzerland			0.0%			0.0%								
United States			0.0%			0.0%								
Subtotal DAC		**27,315,516**	**99.8%**		**23,917,226**	**99.9%**		**22,666,368**		**-4.6%**				
Others														
Bangladesh		6,000	0.0%		3,500	0.0%		3,500		0.0%				
Bhutan					2,800	0.0%		3,080		10.0%		3,397.66		
China		30,000	0.1%		30,000	0.1%		30,000		0.0%				
Cuba			0.0%			0.0%								
Lesotho			0.0%		1,326	0.0%								
Maldives		2,000	0.0%		2,000	0.0%				-100.0%				
Mozambique					1,000	0.0%								
Myanmar		266	0.0%		164	0.0%				-100.0%				
Republic of Korea		15,000	0.1%		15,000	0.1%		15,000		0.0%		15,000		15,000
Senegal						0.0%								
Thailand		2,500	0.0%		2,500	0.0%				-100.0%				
Turkey						0.0%								
Subtotal others		**54,766**	**0.2%**		**58,330**	**0.2%**		**51,580**		**-11.6%**				
TOTAL UNCDF		**27,370,284**	**100.0%**		**23,975,553**	**100.0%**		**22,699,977**		**-4.7%**				

a/ While donors have expressed multi-year support for UNCDF, firm pledges have yet to be announced by most countries, estimates cannot be ascertained.

Table 1 (c). Commitments/estimates of contributions to UNIFEM regular resources : 2001-2003 and income received in 1999-2000

Donors	1999 income received			2000 income received			2001 pledges				2002 pledges		2003 pledges	
	Local currency (in millions)	$	share of total core contribution	Local currency (in millions)	$	share of total core contribution	Local currency (in millions)	$	change in local currency	change in $	Local currency (in millions)	$	Local currency (in millions)	$
OECD/DAC														
Australia	0.35	215,422	1.3%	0.36	233,766	1.2%	0.37	188,776	2.8%	-19.2%				
Austria		50,000	0.3%		62,000	0.3%		50,000		-19.4%				
Belgium a/			0.0%	0.50	363,743	1.9%				-100.0%				
Canada	1.25	838,855	5.0%	1.25	844,595	4.4%	1.25	806,452	0.0%	-4.5%				
Denmark	3.00	410,279	2.4%	3.00	346,821	1.8%	5.00	599,520	66.7%	72.9%				
Finland	2.00	352,226	2.1%	2.00	472,438	2.5%	3.00	451,807	50.0%	-4.4%				
France				0.50	72,526	0.4%	0.50	68,213	0.0%	-5.9%				
Germany	1.60	863,871	5.1%	1.60	752,796	3.9%	1.60	733,945	0.0%	-2.5%				
Greece			0.0%		7,200	0.0%		4,000		-44.4%				
Ireland	0.11	152,926	0.9%	0.15	182,704	1.0%	0.15	170,455	0.0%	-6.7%				
Italy	5,000.00	2,701,140	16.0%	5,000.00	2,935,011	15.4%	6,100.0	2,820,405	22.0%	-3.9%				
Japan		1,416,000	8.4%		1,416,000	7.4%		1,416,000		0.0%				
Luxembourg	16.00	425,568	2.5%	16.00	417,798	2.2%	20.0	443,853	25.0%	6.2%				
Netherlands	6.40	3,311,515	19.7%	7.40	3,073,699	16.1%	8.4	3,414,634	13.5%	11.1%				
New Zealand	0.30	157,978	0.9%	0.30	148,515	0.8%	0.4	164,609	33.3%	10.8%				
Norway	16.00	2,059,202	12.2%	16.00	1,953,602	10.2%	18	1,978,022	12.5%	1.2%				
Portugal		20,000	0.1%			0.0%		20,000						
Spain			0.0%	7.50	105,786	0.6%	8	43,045	6.7%	-59.3%				
Sweden	8.00	1,345,317	8.0%	10.00	1,030,340	5.4%	14	1,383,399	40.0%	34.3%				
Switzerland	0.70	454,545	2.7%	0.80	484,848	2.5%	0.8	465,116	0.0%	-4.1%				
United Kingdom	0.50	793,651	4.7%	2.50	3,843,029	20.2%	2	2,898,551	-20.0%	-24.6%				
United States		1,093,251	6.5%		49,742	0.3%		1,998,000 b/		3916.7%				
Subtotal DAC		16,661,746	98.9%		18,796,959	98.6%		20,118,802		7.0%				
Others														
Andorra		5,000	0.0%		20,500	0.1%		20,500						
Bangladesh		4,000	0.0%			0.0%								
Barbados		1,000	0.0%		1,000	0.0%		1,000						
Brazil			0.0%		50,000	0.3%		25,000						
Burkina Faso			0.0%		7,269	0.0%		3,500						
Cameroon					4,615	0.0%		4,500						
Chile					10,000	0.1%		10,000						

Table 1(c). Continued

China		30,000	0.2%		30,000	0.2%		30,000						
Cyprus			0.0%		1,270	0.0%		1,200						
Czech Republic						0.0%	0.5	12,821			500,000	12,821	500,000	12,821
Ghana		10,000	0.1%			0.0%								
Guyana					1,923	0.0%		1,000						
Iceland		14,881	0.1%	1.00		0.0%	1.00	10,638						
India			0.0%	0.50	11,648	0.1%	0.50	10,870						
Indonesia			0.0%			0.0%		5,000						
Lesotho			0.0%		1,155	0.0%								
Liechtenstein		5,674	0.0%		6,098	0.0%		5,800						
Malaysia					10,000	0.1%		10,000						
Maldives		1,700	0.0%		1,700	0.0%		1,700						
Malta					1,000	0.0%		1,000						
Mauritius			0.0%			0.0%								
Mexico		10,000	0.1%		10,000	0.1%		10,000						
Morocco		2,000	0.0%		2,000	0.0%		2,000						
Mozambique					1,000	0.0%								
Pakistan		2,440	0.0%	0.13	2,181	0.0%	0.19	3,130						
Paraguay		3,496	0.0%			0.0%								
Philippines		5,500	0.0%			0.0%								
Poland			0.0%			0.0%								
Republic of Korea		15,000	0.1%		15,000	0.1%		10,000				10,000		
Samoa			0.0%			0.0%								
Senegal			0.0%			0.0%								
Singapore		40,000	0.2%		40,000	0.2%		40,000						
South Africa			0.0%	0.10	15,780	0.1%		12,500						
Thailand		3,000	0.0%	0.12	9,570	0.1%		10,000						
Turkey		15,000	0.1%		15,000	0.1%		5,000						
NGOs		13,305	0.1%			0.0%								
Undetermined		5,457	0.0%			0.0%								
Subtotal Others		187,453	1.1%		268,709	1.4%		247,159						
TOTAL UNIFEM		16,848,199	100.0%		19,068,688	100.0%		20,385,961						

a/ Local currency contribution announced by Belgium for 2000 is in Euro

b/ Includes payment of $998,000 on the US pledge for 2000

Table 1 (d). Commitments/estimates of contributions to UNV regular resources: 2001-2003 and income received, 1999-2000 in local currency and US dollars, based on UN exchange rates as of 1 May 2001

Donors	1999 income received			2000 income received			2001 pledges/estimates				2002 pledges/estimates		2003 pledges/estimates	
	Local currency	$	share of total core contribution	Local currency	$	share of total core contribution	Local currency	$	change in local currency	change in US dollar	Local currency	$	Local currency	$
OECD/DAC														
Austria		56,306	1.68%		50,000	1.71%	780,000	50,747		1.48%	780,000	50,747		
Belgium		267,294	8.56%				10,000,000	221,928			10,000,000	221,928		250,000
Canada		69,571	1.99%	100,000	64,513	2.21%	100,000	64,516	0.00%	0.00%	100,000	64,516	100,000	64,516
France		11,705	0.35%	500,000	71,628	2.46%	80,000	71,620		-0.29%	80,000	71,620		
Germany		1,920,205	57.13%	3,500,000	1,644,499	56.32%	3,500,000	1,602,080	0.00%	-2.58%	3,500,000	1,602,080	3,500,000	1,602,080
Ireland		194,756	5.79%	150,000	162,611	6.25%	600,000	682,044	300.00%	273.50%	600,000	682,044		
Italy							300,000,000	138,708			300,000,000	138,708		
Japan														
Netherlands		375,233	11.16%	750,000	314,202	10.76%	750,000	304,687	0.00%	-3.03%	750,000	304,687		
Sweden						0.00%	3,000,000	296,443			3,000,000	296,443		
Switzerland		327,162	9.73%	500,000	347,108	11.89%	500,000	290,698	0.00%	-16.25%	500,000	290,698		
United States			0.00%		100,000	3.42%		100,000		0.00%		100,000		
Subtotal DAC		3,236,252	96.38%		2,774,759	95.83%		3,823,471				3,823,471		
Others														
Bangladesh		2,250	0.07%		1,000	0.03%		1,000				1,000		
Bhutan					1,404	0.05%		1,544				1,886		
Botswana			0.00%											
Burkina Faso			0.00%		3,615	0.12%		2,000				2,000		
China		30,000	0.89%		30,000	1.03%		30,000				30,000		
Cyprus		3,137	0.09%		2,540	0.09%		2,500				2,500		
Czech Republic		28,366	0.84%	1,250,000	30,972	1.06%	1,250,000	32,134			1,250,000	32,134	1,250,000	32,134
Egypt			0.00%											
India			0.00%		15,000	0.51%		15,000				15,000		
Jamaica			0.00%											
Lebanon														
Lesotho			0.00%		1,335	0.05%		741				741		
Morocco														
Panama		500	0.01%					500				500		
Paraguay														

Table 1(d) Continued

Philippines			0.00%					1,200				1,200		
South Africa		4,788	0.14%					5,128				5,128		
Sri Lanka			0.00%		3,000	0.10%		3,000				3,000		
Syrian Arab Republic			0.00%		1,425	0.05%		1,500				1,500		
Thailand		2,723	0.08%		4,911	0.17%		2,719				2,719		
Tunisia														
Turkey		50,000	1.49%		50,000	1.71%		50,000				50,000		
Yemen														
Subtotal		121,797	3.6%		146,368	4.97%		146,988				146,121		
TOTAL		3,381,948	100%		2,919,981	100.0%		3,972,437				3,375,814		

Table 2(a). Schedule of payments for 2001 commitments to UNDP regular resources

DAC donors	January	February	March	April	May	June	July	August	September	October	November	December
Australia							x					
Austria												
Belgium				x		x					x	
Canada				x								
Denmark						x						x
Finland						x						
France				x			x					
Germany	x			x				x			x	
Greece												
Ireland		x										
Italy							x					
Japan												
Luxembourg			x									
Netherlands	x			x			x			x		
New Zealand		x										
Norway	x			x			x			x		
Portugal												
Spain												
Sweden		x					x					
Switzerland						x						
United Kingdom				x			x					
United States				x								

Table 2 (b). Schedule of payments confirmed for 2001 commitments to UNCDF regular resources

Contributors	Schedule of payments
DAC donors	
Denmark	Two equal payments, June and December
Japan	Timing of payment to be decided
Norway	Two equal payments, January and June
Sweden	Two equal payments, January and July
Programme countries	
Republic of Korea	Full payment by end of second quarter.

Table 2 (c). Schedule of payments for 2001 commitments to UNIFEM regular resources

Contributors	Schedule of payments
DAC donors	
Australia	February
Denmark	Mid-2001
Japan	Timing of payment yet to be decided.
Sweden	Two equal payments, January and July
Switzerland	First half of 2001
Programme countries	
Czech Republic	June
Republic of Korea	Full payment by end of second quarter

Table 2 (d). Schedule of payments confirmed for 2001 commitments to UNV regular resources

Contributors	Schedule of payments
DAC donors	
Sweden	Two equal payments, January and July
Switzerland	First half of 2001
Programme countries	
Czech Republic	June

Table 3. Government in-kind contribution
(thousand of US dollars)

Region/Country Office	1999	2000
AFRICA		
Benin	26.2	27.3
Burundi	62.7	65.2
Central African Republic	53.5	55.6
Comoros	20.1	20.9
Congo	103.5	107.6
Côte d'Ivoire	95.7	99.5
Equatorial Guinea	19.2	20.0
Gambia	96.7	22.5
Ghana	193.4	201.1
Lesotho	78.3	81.4
Malawi	35.1	36.5
Mozambique	40.8	42.4
Niger	43.5	45.2
Nigeria	95.8	99.6
Rwanda	87.0	90.5
Seychelles	8.6	-
Sierra Leone	59.6	62.0
South Africa	120.0	124.8
Togo	134.6	140.0
United Republic of Tanzania	196.4	220.0
Total Africa region	**1,570.7**	**1,562.3**
ARAB STATES		
Algeria	64.6	67.2
Bahrain	70.4	73.2
Kuwait	54.9	57.1
Lebanon	694.5	694.5
Libyan Arab Jamahiriya	149.1	155.1
Qatar	69.9	72.7
Saudi Arabia	160.8	167.2
Sudan	46.4	48.3
Tunisia	80.4	83.6
United Arab Emirates	112.6	117.1
Total Arab States region	**1,503.6**	**1,536.0**
ASIA AND THE PACIFIC		
Bhutan	12.3	12.3
India	340.5	354.1
Indonesia	67.3	70.0
Lao People's Democratic Republic	32.0	33.3
Malaysia	138.2	143.7
Philippines	258.8	269.2
Republic of Korea	47.7	47.7
Sri Lanka	115.5	120.1
Viet Nam	103.4	107.5
Total Asia and the Pacific region	**1,115.7**	**1,157.9**

Table 3. Government in-kind contribution
(thousand of US dollars)

Region/Country Office	1999	2000
LATIN AMERICA AND THE CARIBBEAN		
Barbados	180.0	187.2
Chile	306.6	318.9
Cuba	84.5	87.9
Dominican Republic	236.0	245.4
Guyana	72.6	75.5
Jamaica	56.0	58.2
Panama	40.0	41.6
Paraguay	46.5	48.4
Uruguay	44.0	45.8
Total Latin America and the Caribbean region	**1,066.2**	**1,108.8**
EUROPE AND THE COMMONWEALTH OF		
INDEPENDENT STATES		
Albania	73.8	76.8
Armenia	176.1	183.1
Azerbaijan	55.0	57.2
Belarus	196.6	204.5
Bulgaria	72.0	74.9
Croatia	53.4	55.5
Estonia	18.5	19.2
Georgia	314.4	336.5
Kazakhstan	573.2	446.0
Kyrgyzstan	75.6	78.6
Latvia	323.1	336.0
Lithuania	45.1	46.9
Macedonia	64.2	71.0
Poland	98.7	102.7
Republic of Moldova	180.7	187.9
Romania	94.8	133.0
Slovak Republic	250.6	260.6
Tajikistan	72.0	74.9
Turkmenistan	381.4	381.4
Ukraine	346.8	360.7
Uzbekistan	256.8	335.7
Total Europe and CIS region	**3,722.8**	**3,823.1**
GRAND TOTAL	**8,979.0**	**9,188.1**

United Nations DP/2001/19

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United Nations Office for Project Services

Annual report of the Executive Director on the activities of the United Nations Office for Project Services

SUMMARY

The present report is submitted pursuant to Executive Board decision 94/32 of 10 October 1994. The report provides a review of performance against financial targets in the UNOPS business plan. The report also provides a qualitative review of the nature of UNOPS activities and addresses human resources issues. Internal oversight issues are addressed in document DP/2001/15.

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ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
CCF	Country cooperation framework
CFC	Common Fund for Commodities
DESA	Department of Economic and Social Affairs of the United Nations Secretariat
DPA	Department of Political Affairs of the United Nations Secretariat
DPKO	Department of Peace-keeping Operations of the United Nations Secretariat
ESCAP	Economic and Social Commission for Asia and the Pacific
IAEA	International Atomic Energy Agency
IFAD	International Fund for Agricultural Development
IFI	International financial institution
ILO	International Labour Organization
IMIS	Integrated Management Information System
OECD/DAC	Organisation for Economic Co-operation and Development/Development Assistance Committee
OIP	Office of the Iraq Programme
MCC	Management Coordination Committee
MINUGUA	United Nations Verification Mission in Guatemala
MSA	Management services agreement
OCHA	Office for the Coordination of Humanitarian Affairs
OIOS	Office of Internal Oversight Services
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFIP	United Nations Fund for International Partnerships
UNHCR	Office of the United Nations High Commissioner for Refugees
UNHCHR	Office of the United Nations High Commissioner for Human Rights
UNICEF	United Nations Children's Fund
UNITAR	United Nations Institute for Training and Research
UNMAS	United Nations Mine Action Service
UNMIK	United Nations Interim Administration Mission in Kosovo
UNOHCI	United Nations Office of the Humanitarian Coordinator in Iraq
UNODCCP	United Nations Office for Drug Control and Crime Prevention
UNOPS	United Nations Office for Project Services
UNSECOORD	Office of the United Nations Security Coordinator
UNTAET	United Nations Transitional Administration in East Timor
WFP	World Food Programme
WHO	World Health Organization

I. INTRODUCTION

1. The present report is submitted in compliance with Executive Board decision 94/32 of 10 October 1994, in which the Board requested the Executive Director to report annually on the activities of the United Nations Office for Project Services (UNOPS).

2. Pursuant to Executive Board decision 95/1 of 10 January 1995, the report has been reviewed and cleared by the Management Coordination Committee.

3. The 2000-2001 UNOPS Business Plan, distributed to members of the Executive Board at the third regular session 2000, establishes the targets against which performance is assessed in the present report.

II. FINANCIAL PERFORMANCE

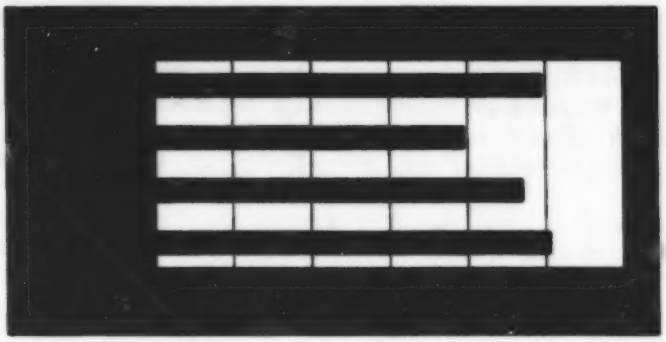
A. Overview

4. New business acquisitions of $948 million represent 99 per cent of the target. Total delivery, targeted at $836 million, fell short by $172 million, or 21 per cent, as explained in paragraphs 16-18. Total income of $48.5 million was 94 per cent of the projection. Total administrative expenditure of $55.3 million was 1 per cent above the approved estimate of $54.7 million. Table 1 provides a summary of targets, projections and achievements against the Business Plan while figure 1 shows the 2000 performance as a percentage of Business Plan targets.

Table 1. Overview of financial targets, projections and achievements in 2000

Variables in the UNOPS financial model	Target	Achieved	Percentage of target achieved
	(millions of dollars)		
Peak Budget	968	900	93
Acquisitions			
New projects	630	638	101
New services	330	310	94
Total	960	948	99
Delivery			
Projects	590	471	80
Services	246	193	78
Total	836	664	79
Income			
Project implementation	42.7	36.8	86
Loan administration and other services	6.1	6.5	107
Interest and other	2.8	2.7	96
Savings from prior biennium	-	2.5	-
Total	51.6	48.5	94
Administrative expenditures			
Recurring costs	51.6	52.3	101
Non-recurring costs	3.1	3.0	97
Total	54.7	55.3	101
Charge to operational reserve	3.1	6.8	
Self-financing rate	100%	93%	

Figure 1. 2000 performance as a percentage of Business Plan targets.



5. When, for the first time as a separate entity, UNOPS projected a shortfall in delivery and income, the Executive Director informed the MCC. On the advice of the MCC, he contracted an external financial consulting firm, KPMG, to carry out an independent review of the UNOPS financial situation. The shortfall was subsequently reported orally by the Executive Director to the Executive Board at its first regular session 2001.

6. The KPMG review also assessed the outlook for financial year 2001, including an evaluation of the potential for replenishment of the operational reserve. KPMG established that the original assumptions of the Business Plan 2000-2001 with regard to delivery of the project portfolio were affected by the decisions of clients to rephase, reduce, or cancel legally binding, approved project budgets. Based on the information available at that time, the study projected a total income shortfall of $5 million. The actual shortfall of $3.8 million is, however, 24 per cent less than the KPMG projection.

7. In a subsequent review, OIOS confirmed the information contained in the report of the Executive Director to the MCC, his oral report to the Executive Board, as well as the KPMG findings.

B. The UNOPS business portfolio

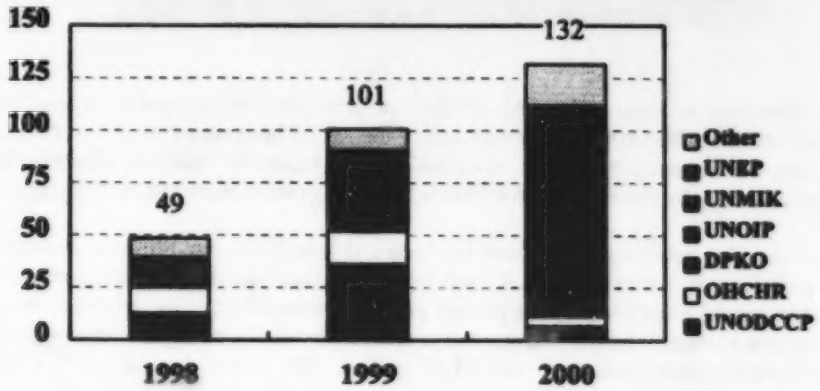
8. The UNOPS business is comprised of four portfolios: (a) the project portfolio, in which UNOPS handles funds entrusted by its clients and itself incurs project expenditures; (b) the loan portfolio, in which UNOPS renders loan supervision and administration services, at present primarily for IFAD, for which it charges a fee - the expenditure of project funds is not incurred by UNOPS; (c) the advisory services portfolio, in which UNOPS provides advisory and consultative services to clients for which it charges a fee; and (d) the partnership portfolio, in which UNOPS renders, among others, fee-based services for assistance in the establishment of partnerships with private sector firms, civil society organizations and clients within the United Nations, that are judged to add value to project or service delivery.

9. The total value of the UNOPS project and loan portfolios amounted to $3.7 billion in 2000, comprising $1.5 billion in project value and $2.2 billion in loan value respectively. This includes $638 million of new acquisitions in 2000 for the project portfolio and $310 million of new acquisitions for the loan portfolio. Advisory services generated fees of $0.2 million in 2000. Partnership services, which became operational only in June 2000, are expected to begin generating income in 2001. The advisory services and partnership portfolios that are further elaborated in paragraphs 14-15 and 43-44, are expected to remain modest in terms of contribution to UNOPS income as compared to the income generated under the project and loan portfolios.

C. Acquisitions for the project portfolio

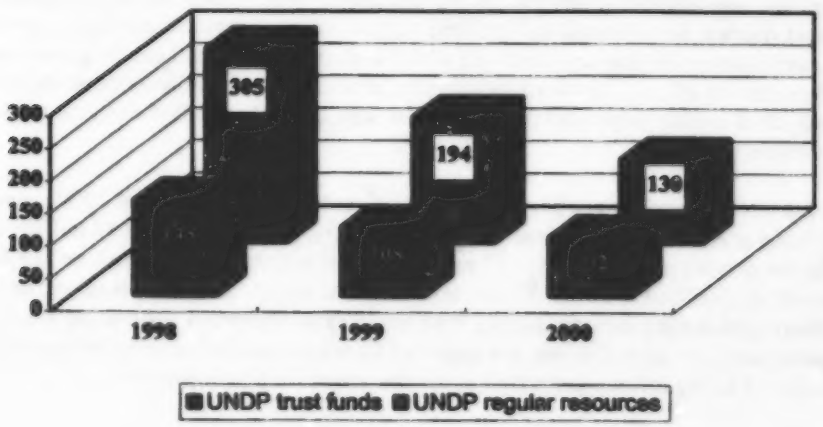
10. Overall project portfolio acquisition of $638 million exceeded the $630 million target by $8 million. The composition of the project portfolio continued to show a major change relative to previous years. For the first time, acquisitions from United Nations system clients, amounting to $132 million, were higher than the $130 million in new acquisitions from UNDP regular resources. Also for the first time, acquisition from non-UNDP clients exceeded 50 per cent. Notable acquisitions from recent United Nations system clients include the OIP portfolio, which increased to $68 million from $19 million in 1999, and UNTAET projects, from which acquisitions amounted to $44.3 million, as well as new services to UNMIK and UNEP (see figure 2).

Figure 2. Project portfolio acquisitions from organizations of the United Nations other than UNDP (in millions of dollars). In 2000, the "Other" category included DESA, DPA, IFAD, UNAIDS, UNHCR, UNITAR, UNSECOORD, UNTAET



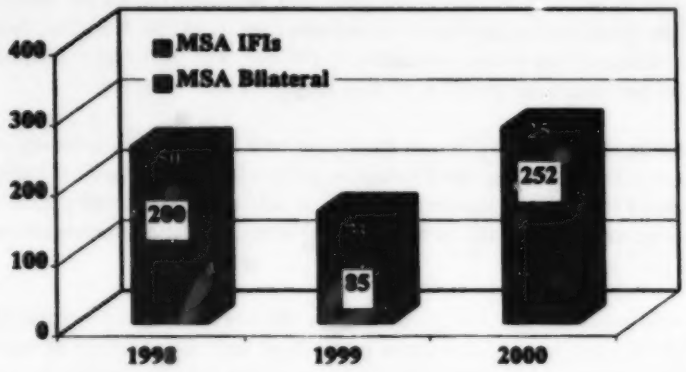
11. New projects funded by UNDP regular resources amounted to $130 million, a decrease from 1999 of $64 million, or 33 per cent. Similarly, the total value of new projects funded by UNDP trust funds and UNDP-associated funds acquired fell from $108 million to $92 million, a decrease of 15 per cent (see figure 3).

Figure 3. Portfolio acquisitions from UNDP regular resources and from UNDP trust funds and UNDP associated funds (in millions of dollars).



12. The cumulative value of newly acquired projects under management services agreements channelled through UNDP increased to $277 million from $158 million in 1999. The value of new projects funded by IFIs dropped from $73 million in 1999 to $25 million while the value of projects channelled through UNDP with individual donor agencies grew to $252 million from $85 million in 1999 (see figure 4).

Figure 4. Project portfolio acquisitions of MSAs funded by IFIs and bilateral donor agencies channelled through UNDP (in millions of dollars)



D. Acquisitions for the loan administration portfolio

13. Acquisition under the loan portfolio grew by $310 million, increasing the total loan portfolio to an all-time high of $2.2 billion. While the acquisition was 6 per cent short of target, UNOPS maintains its position as the single most important cooperating institution of IFAD.

E. Acquisitions for advisory services and partnership portfolios

14. While the volume is small but growing, a number of requests were received in 2000 for advisory services, with clients including CFC, ESCAP, IAEA, UNDP, and WFP. The income from these services amounted to $0.2 million. Additional information about these services is found in paragraph 43.

15. Following the success of the conference entitled "The United Nations and Business: A Partnership for the New Millennium", organized under UNOPS auspices, UNOPS operationalized the partnership portfolio in June 2000. UNOPS has since signed partnership agreements with corporations and NGOs to support United Nations activities in areas such as AIDS education and post-conflict rehabilitation, as further noted in paragraph 44.

F. Delivery

16. Total delivery was $664 million, 20 per cent below the target of $836 million. This total comprised $471 million delivery for the project portfolio and $193 million in disbursement authorizations for the IFAD loan portfolio.

17. The shortfall in UNOPS project delivery amounted to $119 million in 2000 owing to the unforeseen rephasing, reduction and cancellation of approved project budgets, as confirmed by KPMG and OIOS.

18. Disbursements authorized by UNOPS under the loan portfolio for IFAD amounted to $193 million, 22 per cent below the forecast of $246 million. The shortfall is primarily due to inadequate counterpart fund availability and to loan suspension under some projects. While UNOPS is responsible for 55 per cent of the total IFAD project portfolio, disbursements authorized by UNOPS represent 68 per cent of all IFAD loan disbursements in 2000.

G. Income

19. Total income of $48.5 million was $3.1 million, or 6 per cent, short of the target of $51.6 million. Income sources include: $36.8 million from delivery of the project portfolio, representing 86 per cent of the $42.7 million target; $6.5 million from loan-administration and other services ($6.3 million from the loan portfolio and $0.2 million from advisory services), representing 107 per cent of the $6.1 million target; and $5.2 million in other income, 86 per cent over the $2.8 million target for this category.

20. The shortfall in project income was primarily due to the 20 per cent reduction in delivery on the project portfolio. Had delivery not been affected by the cancellation or delay of approved project budgets, sufficient income would have been generated to meet the requirements of the self-financing principle, to cover the previously approved 2000 non-recurring costs, and to begin replenishment of the operational reserve to its approved level.

21. Income derived from the loan portfolio ($6.3 million) and the advisory services portfolio ($0.2 million) was $0.4 million above the target of $6.1 million. This income partially offsets the shortfall of income in the project portfolio. Similarly, income from interest and other sundry sources was $ 0.1 million below the target of $2.8 million. In addition, following established United Nations accounting standards, reductions of expenditures from the 1998-1999 biennium are reflected as income in the year 2000. The major element in these expenditure reductions is the lower-than-anticipated cost of settlement on committed relocation costs.

22. Income derived from sources other than UNDP rose to $16.5 million in 2000, representing 34 per cent of the total UNOPS income. This shows a marked improvement in diversification of income source over 1999, in which the income from non-UNDP sources was $11.4 million, or 22 per cent of the total UNOPS income for that year.

H. Administrative expenditure

23. Recurring administrative expenditure was $52.3 million, $0.7 million above the projection of $51.6 million. Non-recurring administrative expenditure was $3.0 million, 97 per cent of the projection of $3.1 million. It covered costs of personnel ($1.7 million), hardware and software ($0.8 million), contractual services (0.4 million) and training ($0.1 million). This is the last of the non-recurring expenditures as approved by Executive Board decision 98/20 and all future year expenditures will be recorded and reported as recurring costs with effect from 2001.

I. Operational reserve

24. The gap between total income of $48.5 million and total expenditure of $55.3 million is $6.8 million. This shortfall of income will be met, in accordance to Financial Regulation 8.3, by a drawdown from the operational reserve in that amount. Of the total drawdown, $3.1 million had previously been approved by the Executive Board in its decision 2000/20 of 28 September 2000. UNOPS began 2001 with $10.6 million in the reserve, 26 per cent below the approved estimate of $14.3 million, and $10.4 million, or 50 per cent, below the full replenishment level of $21 million. The actions to start replenishing the operational reserve will be reflected in the UNOPS budget submission for the biennium 2002-2003 which will be submitted to the Executive Board at its second regular session 2001 (see table 2).

Table 2. Comparison between approved and actual administrative results and charges to the operational reserve in 2000 (in millions of dollars)

	Approved budget 2000	Results 2000
Opening balance of operational reserve	17.4	17.4
Total income	51.6	48.5
Recurring expenditure	51.6	52.3
Non-recurring expenditure	3.1	3.0
Total expenditure	54.7	55.3
Charge to operational reserve	3.1	6.8
Closing balance on operational reserve	14.3	10.6

III. QUALITATIVE REVIEW OF UNOPS ACTIVITIES

25. At the annual session 2000, some members of the Executive Board requested the Executive Director to provide analytical information on UNOPS activities, methodologies and achievements. Mindful of the guidance of the Executive Board and the recommendations of ACABQ, UNOPS has intensified efforts to diversify both its client base and the type of services it provides to new and traditional clients. Such diversification activities are therefore the focus of the present section of the report.

26. The evolving demands of diverse clients continue to be the primary UNOPS business drivers. Meeting this challenge requires that UNOPS be agile, service-oriented and responsive. In the annual retreat, which is a regular part of its efforts to improve the organization, senior UNOPS senior managers and staff representatives agreed that UNOPS will: (a) reorient its extensive network of decentralized offices more explicitly around clients and their needs, with continued reinforcement of both the autonomy and the accountability of these units; (b) strengthen institutional-learning and knowledge-management processes to reinforce efficiency, effectiveness and quality of service; and (c) strengthen its capacity to partner more effectively with organizations of the United Nations and the private sector.

A. Diversification of service offerings

1. Support to the national execution of capital investment projects

27. IFAD projects primarily aim to combat poverty in rural areas and focus on the enhancement of rural-production systems, sustainable income-generating methods, the role of women in agricultural production and participatory methods of planning, pro-poor policy formulation, and project implementation. Most IFAD projects operate in areas with weak institutional mechanisms: therefore, the UNOPS approach of capacity-building that emphasizes operational efficiency and technical viability is the foundation for the IFAD objective of ensuring that tangible benefits reach project participants. UNOPS project supervision - from start-up workshop to on-site implementation support - is thematic and issue oriented. In start-up workshops, different stakeholders in the project meet to finalize annual work programmes, to reach agreement on implementation strategies, and to identify potential obstacles. The supervision process establishes a structured dialogue between communities and authorities, providing a unique opportunity to focus on important policy and resource allocation issues during the life of the project.

28. UNOPS has often had the opportunity to introduce new implementation concepts in partnership with IFAD. In Bangladesh, Nepal, and Uganda, for example, new methods of channelling non-traditional rural micro-finance were developed. New specialized development financing institutions (such as the Albanian Mountain Area Finance Fund and the Maldives Development Bank) are important interventions to ensure that the rural poor have access to capital. Other new implementation concepts include the establishment of financial instruments and institutions that focus exclusively on the rural poor, such as the discount funds for lending in Chile, Paraguay, the former Yugoslav Republic of Macedonia, and Uruguay. Likewise, in Indonesia new production and marketing methods for local producers have been introduced, allowing farmers to protect themselves against market volatility by synchronizing their production with supply and demand.

2. Work in countries in special circumstances

29. The mine action programme in northern Iraq, managed by UNOPS on behalf of the Office of the Iraq Programme, expanded significantly in 2000 after higher oil revenue resulted in increased allocations. UNOPS was able to plan strategically, set up priorities and lay the groundwork for the expansion of the programme through the introduction of mechanical ground-preparation systems in mine action, support provided to the power line project executed by UNDP, and the development of local NGOs dedicated to mine action. As a result of UNOPS work on the ground in mine action and its result-oriented approach, OIP requested UNOPS to formulate and implement three programmes in northern Iraq: support to the Internally Displaced Programme; the Joint Humanitarian Information Centre; and the Urban Water Sanitation Programme. The latter two programmes are implemented by UNOPS under the mandates of UNOHCI and UNICEF, respectively.

30. UNOPS began implementing a $17 million programme funded by UNEP for the clean-up of environmental hotspots in four municipalities in Serbia, where environmental contamination following the Kosovo conflict occurred. This activity is undertaken within the framework of a general agreement negotiated in 2000 between UNEP and UNOPS.

31. The assistance provided by UNOPS to peace-keeping missions reached substantial levels in 2000. In addition to two major projects funded by Japan through UNMAS and UNDP, the United Nations Secretariat selected UNOPS to implement six projects for UNMIK. These projects are in excess of $7 million and are a mix of physical and social rehabilitation activities that cover such sectors as rehabilitation of local capacities for reconstruction, waste management, transport services for the integration of minorities, and development of the media. The projects are implemented through the use of methodologies that strengthen local administrative capacity.

32. Operating from a small office in Dili, a UNOPS team provides procurement and management services to UNTAET and its development partners, delivering $18.8 million in goods, services and works contracts. UNOPS convened emergency procurement reviews on a regular basis to ensure that contracts were awarded promptly, sometimes within a 24-hour period, contributing to the rapid pace and wide scale of physical rebuilding efforts in East Timor.

B. Social accountability

33. Pursuant to its continuing goal to provide higher quality services through the introduction of standards, UNOPS decided to apply the international SA8000 social accountability standard. UNOPS has begun to develop an independently audited and verified system that will ensure quality in the workplace. UNOPS also associated with Instituto Ethos, of Brazil, a not-for-profit organization that works with the business community on matters of business ethics and social responsibility. By participating in the programme, UNOPS will ensure that its business practices and relations with the private sector are consistent with and exemplify social accountability.

C. Operational tools

34. UNOPS began releasing four of the nine volumes of its Operational Guide for the management of rehabilitation and social sustainability in societies affected by conflicts or natural disasters. The guide is a unique inter-agency effort, coordinated and produced by UNOPS, and is based on contributions that draw from the collective body of practical experience of DPKO, ILO, UNDP, UNESCO, UNHCHR, UNITAR, WHO and the World Bank, as well as a number of organizations outside the United Nations system. Providing practical methodologies for project design and management, it aims at the implementation, through project management, of the principles of the Universal Declaration of Human Rights, as well as the relevant OECD/DAC guidelines. The Guide has been made available to organizations of the United Nations system, project staff and interested institutions, including the members of the Conflict Prevention and Post-conflict Reconstruction (CPR) network.

35. UNOPS is increasingly engaged in broad-based partnerships with United Nations organizations such as ILO, UNHCR and UNITAR. Examples of such partnerships, which go beyond the provision of implementation services, include: collaboration with ILO in post-conflict and crisis response and the promotion of private-sector initiatives; the launching of a joint UNDP/UNHCR project-formulation exercise in support of an initiative to IGAD in the Horn of Africa; active participation in the United Nations Geographic Information Working Group coordinated by the Secretariat as part of the follow-up to the Report of the Panel on United Nations Peace Operations; and an innovative initiative by UNITAR and UNOPS in launching the UNITAR International Training Centre for Local Actors, involving local authorities, universities, and the private sector.

D. Value-for-money procurement

36. Best-value procurement is a cost-effective sourcing methodology that ensures optimal results. This has been applied across the spectrum of procurement activities, often generating substantial savings to clients. In 2000, UNOPS procured equipment, services and works for a value of $200 million for 2,620 projects worldwide. UNOPS provides a wide range of procurement-related services, including specialized procurement projects, contracting for goods or services, assistance to Governments in developing and implementing procurement procedures, and training of procurement staff.

37. UNOPS maintains specialized in-house support for procurement-specific information technology applications. Procurement specialists provide assistance with market research and procurement procedures, conduct vendor background checks, and maintain proprietary UNOPS vendor and consultant rosters. Portfolio managers, in-country project staff and implementation partners receive training from UNOPS procurement experts. Frequent deployment of UNOPS procurement staff to country offices and recent secondments of UNOPS staff to clients have expanded the skills of UNOPS staff while improving client service.

38. UNOPS provides procurement support services in virtually all developing countries and in countries in special circumstances. Where speed of service is essential to the client, UNOPS ensures that procurement officers deployed in the field are empowered to authorize expenditures. As a result, decisions are based on the latest on-the-ground information and clients receive the fastest possible response.

39. UNOPS procurement services support client mandates, from the post-conflict initiatives of DPA, DPKO, UNMAS, UNDP, UNHCHR, UNHCR, OIP, and UNTAET to projects in governance, public administration, capacity-building, and economic and social development. Bilateral donors supporting the implementation of projects for United Nations organizations often call upon the procurement expertise of UNOPS.

40. UNOPS is capable of securing goods and services within the client's own budget estimates. In Peru, for example, procurement managed by UNOPS achieved an average savings of 15 per cent compared with the original budget estimates of the Government. In Ecuador, UNOPS secured school furnishings under a World Bank loan for 33 per cent below World Bank appraisal reports, resulting in a savings of $1.5 million. In both

cases, savings resulted from a combination of thorough competitive bidding, in-depth knowledge of local markets, and vendor trust.

41. Another example of adaptations to meet client needs is the procurement regime utilized in projects executed on behalf of UNDP with resources provided by the Multilateral Fund for the Implementation of the Montreal Protocol. UNOPS currently assists more than 650 enterprises in over 55 countries to convert them to ozone-friendly technologies. In the last two years alone, this activity has required the procurement of specialized equipment and goods for a total value of over $28 million. UNOPS has pioneered and developed new procurement procedures for the Montreal Protocol projects. The purpose is to select the lowest bidder that is technically qualified and simultaneously to determine the budgetary ceiling for purchases of ozone-friendly technology and equipment. Accordingly, the value of the lowest technically qualified bid is set as the maximum allocation from the project budget for this purchase. The enterprise can then make an informed choice among differently priced alternatives. In case the enterprise chooses to purchase technology at a price higher than the project budget allocation, UNOPS has developed a methodology for handling the funds provided by the enterprises to supplement the purchase of the technology of their choice.

E. Risk management

42. UNOPS risk management comprises a variety of contract tools, together with skills training, that are used to address the unique needs and risks of procurement in a multi sectoral environment. A team of in-house lawyers ensures compliance with UNOPS procedures established to avoid risk and also with United Nations Financial Regulations and Rules. In addition, specialized insurance arrangements and an operational reserve are maintained to protect further against risks that cannot be fully avoided. UNOPS also provides procurement support services for all aspects of operations, including the bidding process, contract disputes, trade advice and commercial practices. The inevitability of commercial disputes arising from procurement operations, however, also requires pro-active action by UNOPS to protect the interests of clients. While UNOPS has the capacity to handle such disputes through contentious means, such as arbitration, the approximately 10-12 legal cases that arise each year are generally resolved through the more cost-effective and non-contentious means of negotiation or mediation.

F. Advisory services

43. At the request of the Executive Secretary of ESCAP, UNOPS provided services to support the ESCAP revitalization programme. First conducting a preliminary mission to determine the extent to which its experiences in management reform could be applied in support of the revitalization objectives of the Executive Secretary, a UNOPS team then carried out a limited functional analysis that focused on the identification of priority problem areas. Management consultancy services were also provided to the Department of Technical Cooperation of the IAEA. The project consisted of a comprehensive occupational development analysis that addressed the workload pressures existing within the department, with the aim of determining causes and recommending corrective measures. Advisory services were also provided in, for example, Kosovo, where UNOPS led a formulation mission for a capacity-building programme in governance and human development in support of UNMIK efforts to rehabilitate local administrative institutions and in Guatemala, where UNOPS advised WFP in the formulation of its country programme, and, at the request of MINUGUA, provided advisory services to the Soros Foundation, the Centre for Legal Action and Human Rights, and the Government of Norway for separate services relating to the implementation of the peace agreements and the follow-up to the Historic Clarification Commission.

G. Partnerships with the private sector and NGOs

44. At the annual session 2000, the Executive Director introduced a new operational concept of partnerships with the private sector and with NGOs. Eleven partnerships have since been signed and work has been initiated on the development of a dedicated partnership regime that is anticipated to be operational in 2001. Central to this service offering of UNOPS is the capacity of partners outside the United Nations to leverage project resources entrusted to UNOPS by its United Nations clients. The partnership regime, which will be distinct from the procurement regime in UNOPS, will enable UNOPS to enter into non-commercial partnerships with appropriate entities. Partnerships can add value and effectiveness to project delivery while at the same time attracting into projects those stakeholders whose support is crucial to United Nations global mandates. United Nations substantive bodies may choose to hire UNOPS to broker partnerships, or to implement projects under existing UNOPS or United Nations partnerships. To date, the UNOPS partnership with Equal Access has resulted in a project funded by UNFIP to deliver AIDS education to various target groups in Nepal. The UNOPS partnership with Aid to Artisans brings trade and business skills to local artisans in Mozambique, with funding from the Italian Government disbursed though a UNDP trust fund.

IV. MANAGEMENT OF HUMAN RESOURCES

A. Measures taken to ensure the proper discharge of delegated authority in personnel matters

45. In its decision 2000/21 of 29 September 2000, the Executive Board took note of the fact that the delegation of authority in personnel matters had been provided to the Executive Director by the Administrator and requested the Executive Director to report at the annual session 2001 on measures taken to ensure the proper discharge of the delegated authority. The Executive Director has put the necessary monitoring mechanisms in place to ensure that his delegated authority is being discharged in accordance with the applicable United Nations Staff Regulations and Rules while keeping in mind the need to administer UNOPS personnel in the most cost-effective and efficient manner. More specifically, the Executive Director has taken action to ensure that UNOPS has the capacity and expertise to execute, monitor and report on the implementation of the delegation of authority.

46. The requirements of project personnel often vary according to each client-specific operating environment; UNOPS must therefore identify the optimal implementation modality. This may require the provision of administrative services from entities other than UNOPS. In these instances, the Executive Director ensures that the necessary sub-delegations are formulated and issued, and that appropriate monitoring mechanisms are put in place.

B. Establishment of project-specific posts

47. In its decision 2000/21, the Executive Board requested the Executive Director to report on the impact, if any, of the continuing need for advance approval for the establishment of posts at the D-1 level and above. The Executive Board request stemmed from report of the Executive Director on the responsibility of UNOPS in personnel matters (DP/2000/30), in which it was reiterated that the establishment and abolition of posts has no financial impact on Member States in view of the absence of assessed budget funding. In its report DP/1997/28, ACABQ expressed the opinion that UNOPS must continue to manage posts in a flexible manner.

48. Flexibility in post management is essential if UNOPS wishes to retain its ability to respond quickly and efficiently to emerging needs emanating from an ever-increasing diversified client base or from the provision of a new range of services. As indicated in document DP/2000/30, this response may entail the establishment or abolition of posts that are financed from the management fee generated by the implementation of a specific

project or group of projects. At times, depending on the complexity of the tasks at hand, such posts may require establishment at the D-1 level. In this connection, the Executive Board will recall that the concept of a separate category of project-related posts, charged against the administrative budget, was first introduced by the Executive Director in his revised budget estimates for the biennium 1998-1999 (DP/1998/35). Since then, there has been an increase in the number of posts under this category, confirming the emerging trend referred to above.

49. During 2000 alone, 33 project appointments, charged to project budgets as opposed to the administrative budget, were made at the L-6 level or above. This figure, representing approximately 4.5 per cent of the total number of international project personnel, confirms that there is a continuing requirement for senior project-related appointments, when the complexity of the task so justifies. Given the emerging shift in funding, whereby an increasing number of project-related posts are covered from the UNOPS management fee, there is a continuing potential that this category of posts will include posts at the D-1 level or above. If and when this happens, under the current arrangement, the Executive Director will be able to establish such posts only after having received formal approval from the Executive Board, notwithstanding the project-related nature of the post. It was against this background that the Executive Director indicated, in document DP/2000/30, that there might be merit in his being given authority to establish posts at the D-1 level and below.

50. The Executive Director will continue to report on this matter to the Executive Board.

V. HURDLES

51. Since 1997, the Executive Director has included the present section in his annual report to the Executive Board to highlight areas in which progress was slower than expected and to seek the advice and help of the Board on the resolution of outstanding issues. In the annual report for 1999 (document DP/2000/25), three issues were raised: financial reporting, financial arrangements with the United Nations Secretariat, and outstanding agreements with UNDP.

52. In 2000, the lack of accurate and timely financial reports had a negative impact on relations between UNOPS and its clients and partners. The Executive Director expects that measures taken in close collaboration with partners will bring closure to this issue in 2001.

A. Financial arrangements with the United Nations Secretariat

53. As activities carried out by UNOPS on behalf of organizations of the United Nations increase, the absence of satisfactory operational modalities and agreement between UNOPS and relevant Secretariat offices continues to hinder the effective utilization of UNOPS by the United Nations.

B. Agreement with UNDP

54. Since UNOPS is not a member of the United Nations Development Group country team, other than through the *UNDP Resident Representative and UNOPS Representative in his/her capacity as Resident Coordinator*, UNOPS is precluded from participation in discussions that pertain to its implementation role in the context of the UNDAF and/or the CCF. The role of UNOPS in executing substantial programmes on behalf of the organizations of the United Nations system, and its operational experience, make it especially important that it participate in discussions with the country team. This matter, still unresolved, is linked to the recommendations contained in the report on the evaluation of the relationship between UNDP and UNOPS, the implementation of which was requested in decisions 2000/16 and 2000/22 of the Executive Board. This item is covered under item 15 of the provisional agenda of the present annual session.

VI. INTERNAL OVERSIGHT

55. In submitting the report on internal audit and oversight activities (DP/2001/15), UNOPS continues the practice established in the annual report of the Executive Director for 1997.

VII. EXECUTIVE BOARD ACTION

56. The Executive Board may wish to:

(a) Take note of the report of the Executive Director of the United Nations Office for Project Services (DP/2001/19);

(b) Take note of the fact that a drawdown from the operational reserve of the United Nations Office for Project Services was effected in 2000, in the amount of $6.8 million, consisting of previously approved non-recurring expenditures of $3.0 million and a shortfall in 2000 income of $3.8 million;

(c) Request the Executive Director of the United Nations Office for Project Services to keep the parameters of the Office's financial model under close review and report on trends at the second regular session 2001 as part of the report on budget estimates for the current and future bienniums; and

(d) Request the Management Coordination Committee to assist and guide the Executive Director of the United Nations Office for Project Services in overcoming the difficulties detailed in paragraphs 53 and 54 of document DP/2001/19.